

DIVERSIFIED RESTAURANT HOLDINGS, INC.

FORM 10-K (Annual Report)

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U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

for the fiscal year ended December 28, 2014

or

Transition Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File No. 000-53577

DIVERSIFIED RESTAURANT HOLDINGS, INC.



(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation
or organization)

03-0606420

(I.R.S. Employer Identification No.)

27680 Franklin Rd., Southfield, MI 48034
(248) 223-9160

(Address, including zip code and telephone number, including area code, of Registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Exchange Act:

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$.0001 par value per share

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not 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.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the Registrant's voting common stock held by non-affiliates was \$ 64.7 million based on the per share closing price of the Company's common stock as reported on the NASDAQ stock market on June 27, 2014.

The number of shares outstanding of the registrant's common stock as of March 6, 2015 was 26,187,199 shares.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's definitive Proxy Statement for its Annual Meeting of Stockholders to be held on or about May 21, 2015 are incorporated by reference in Part III herein. The registrant intends to file such Proxy Statement with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year covered by this report on Form 10-K.

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PART I

When used in this Form 10-K, the “Company” and “DRH” refers to Diversified Restaurant Holdings, Inc. and, depending on the context, could also be used to refer generally to the Company and its subsidiaries, which are described below.

Cautionary Statement Regarding Forward-Looking Information

Some of the statements in the sections entitled “Business,” and “Risk Factors,” and statements made elsewhere in this Annual Report may constitute forward-looking statements. These statements reflect the current views of our senior management team with respect to future events, including our financial performance, business, and industry in general. Statements that include the words “expect,” “intend,” “plan,” “believe,” “project,” “forecast,” “estimate,” “may,” “should,” “anticipate” and similar statements of a future or forward-looking nature identify forward-looking statements for purposes of the federal securities laws or otherwise.

Forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause our actual results to differ materially from those indicated in these statements. We believe that these factors include, but are not limited to, the following:

- the success of our existing and new restaurants;
- our ability to identify appropriate sites and develop and expand our operations;
- changes in economic conditions, including continuing effects from the recent recession;
- damage to our reputation or lack of acceptance of our brands in existing or new markets;
- economic and other trends and developments, including adverse weather conditions, in the local or regional areas in which our restaurants are located;
- the impact of negative economic factors, including the availability of credit, on our landlords and surrounding tenants;
- changes in food availability and costs;
- labor shortages and increases in our compensation costs, including, as a result, changes in government regulation;
- increased competition in the restaurant industry and the segments in which we compete;
- the impact of legislation and regulations regarding nutritional information, new information or attitudes regarding diet and health, or adverse opinions about the health of consuming our menu offerings;
- the impact of federal, state, and local beer, liquor, and food service regulations;
- the success of our marketing programs;
- the impact of new restaurant openings, including on the effect on our existing restaurants of opening new restaurants in the same markets;
- the loss of key members of our management team;
- inability or failure to effectively manage our growth, including without limitation, our need for liquidity and human capital;
- the impact of litigation;
- the adequacy of our insurance coverage and fluctuating insurance requirements and costs;

- the impact of our indebtedness on our ability to invest in the ongoing needs of our business;
- our ability to obtain debt or other financing on favorable terms, or at all;
- the impact of a potential requirement to record asset impairment charges in the future;
- the impact of any security breaches of confidential guest information in connection with our electronic processing of credit/debit card transactions;
- our ability to protect our intellectual property;
- the impact of any failure of our information technology system or any breach of our network security;
- the impact of any materially adverse changes in our federal, state, and local taxes;
- our ability to main our relationship with our franchisor on economically favorable terms;
- the impact of future sales of our common stock in the public market, the exercise of stock options, and any additional capital raised by us through the sale of our common stock; and
- the effect of changes in accounting principles applicable to us.

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this Annual Report. If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate. Any forward-looking statements you read in this Annual Report reflect our views as of the date of this Annual Report with respect to future events and are subject to these and other risks, uncertainties, and assumptions relating to our operations, results of operations, growth strategy, and liquidity. You should carefully consider all of the factors identified in this Annual Report that could cause actual results to differ.

ITEM 1. BUSINESS

Business Overview

DRH is a fast-growing restaurant company operating two complementary concepts: Bagger Dave's Burger Tavern[®] ("Bagger Dave's") and Buffalo Wild Wings[®] Grill & Bar ("BWW"). As the creator, developer, and operator of Bagger Dave's and as one of the largest franchisees of BWW, we provide a unique guest experience in a casual and inviting environment. We were incorporated in 2006 and are headquartered in the Detroit metropolitan area. As of December 28, 2014, we had 66 locations in Florida, Illinois, Indiana, and Michigan.

In 2008, DRH became publicly owned completing a self-underwritten initial public offering for \$735,000 and 140,000 shares. We subsequently completed an underwritten, follow-on offering on April 23, 2013 of 6.9 million shares with net proceeds of \$31.9 million.

DRH and its wholly-owned subsidiaries (collectively, the "Company"), AMC Group, Inc. ("AMC"), AMC Wings, Inc. ("WINGS"), AMC Burgers, Inc. ("BURGERS"), and AMC Real Estate, Inc. ("REAL ESTATE") own and operate Bagger Dave's and DRH-owned BWW restaurants located throughout Florida, Illinois, Indiana, and Michigan.

DRH originated the Bagger Dave's concept with our first restaurant opening in January 2008 in Berkley, Michigan. Currently, there are 26 Bagger Dave's, 17 in Michigan and nine in Indiana. The Company expects to operate between 47 and 51 Bagger Dave's locations by the end of 2017.

DRH is also one of the largest BWW franchisees and currently operates 42 DRH-owned BWW restaurants (19 in Michigan, 14 in Florida, four in Illinois, and five in Indiana), including the nation's largest BWW, based on square footage, in downtown Detroit, Michigan. We remain on track to fulfill our area development agreement ("ADA") with BWLD and expect to operate 52 DRH-owned BWW restaurants by the end of 2017, exclusive of potential additional BWW restaurant acquisitions. In 2014 DRH was awarded the Franchisee of Year and our COO recieved the Founders' Award by Buffalo Wild Wings International ("BWLD").

The following organizational chart outlines the current corporate structure of DRH. A brief textual description of the entities follows the organizational chart. DRH is incorporated in Nevada.



AMC was formed on March 28, 2007 and serves as our operational and administrative center. AMC renders management, operational support, and advertising services to WINGS, BURGERS, REAL ESTATE and their subsidiaries. Services rendered by AMC include marketing, restaurant operations, restaurant management consultation, hiring and training of management and staff, and other management services reasonably required in the ordinary course of restaurant operations.

BURGERS was formed on March 12, 2007 and serves as a holding company for our Bagger Dave's restaurants. Bagger Dave's Franchising Corporation, a subsidiary of BURGERS, was formed to act as the franchisor for the Bagger Dave's concept and has rights to franchise in Illinois, Indiana, Kentucky, Michigan, Missouri, Ohio, and Wisconsin. We do not intend to pursue franchise development at this time.

WINGS was formed on March 12, 2007 and serves as a holding company for our DRH-owned BWW restaurants. We are economically dependent on retaining our franchise rights with BWLD. The franchise agreements have specific initial term expiration dates ranging from March 2020 through December 2034, depending on the date each was executed and the duration of its initial term. The franchise agreements are renewable at the option of the franchisor and are generally renewable if the franchisee has complied with the franchise agreement. When factoring in any applicable renewals, the franchise agreements have specific expiration dates ranging from December 2025 through December 2049. We believe we are in compliance with the terms of these agreements.

REAL ESTATE was formed on March 18, 2013 and serves as the holding company for the real estate properties owned by DRH. REAL ESTATE's portfolio currently includes three properties, two Bagger Dave's restaurants, which will be sold as part of the sale leaseback transaction as described in Note 3 of the Consolidated Financial Statements, and one DRH-owned BWW restaurants. The restaurants at these locations are all owned and operated by DRH.

Our headquarters are located at 27680 Franklin Road, Southfield, Michigan 48034. Our telephone number is (248) 223-9160. We can also be found on the internet at www.diversifiedrestaurantholdings.com and www.baggerdaves.com.

Background

Restaurant Concepts

Bagger Dave's Burger Tavern®

Launched in January 2008, Bagger Dave's is our first initiative to diversify our operations outside of the BWW concept by developing our own unique, full-service, ultra-casual restaurant and bar concept. We have worked to create a concept that provides a warm, inviting, and entertaining atmosphere through friendly and memorable guest experience. Currently, there are 26 restaurants (17 in Michigan and nine in Indiana).

Bagger Dave's specializes in custom-built proprietary fresh prime rib recipe burgers, all-natural lean turkey burgers, hand-cut fries, locally crafted beers on draft, hand-dipped milk shakes, salads, black bean turkey chili, and much more, delivered in a warm, hip atmosphere with friendly "full" service. The concept differentiates itself from other full-service casual dining establishments by the absence of walk-in freezers and microwaves, substantiating our fresh food offerings. The concept focuses on local flair of the city in which the restaurant resides by showcasing historical photos. It also features an electric train that runs above the dining room and bar areas.

The guiding principle of the Bagger Dave's brand is to delight guests through fresh food offerings, exceptional service, and an entertaining atmosphere. The menu is a-la-carte and focuses on burgers, with a variety of sides. Burgers are offered with a choice of four proteins; USDA, fresh premium prime-rib recipe beef (offered in 8oz patty or 4oz patty), Michigan ground turkey, farm-raised, cage-free grilled chicken breasts and black bean patties. Guests can choose from our list of burgers including the Train Wreck Burger® , the Blues Burger® , and Tuscan Chicken. Guests can also choose to "Create Your Own" which allows them to totally customize their experience by choosing from a variety of proteins, buns, cheeses, house-recipe sauces presenting bold and exciting new flavors, premium toppings such as bacon, egg, guacamole, and a variety of complementary toppings, such as sautéed mushrooms and onions, barbecue sauce, and other standard condiments.

To further customize their experience, guests can choose from a selection of sides including fresh-cut potato fries, Dave's Sweet Potato Chips® , Amazingly Delicious Turkey Black Bean Chili® and our fresh, made-to-order Twisted Mac 'N' Cheese. The fries are cut in-house from domestic Northeastern potatoes and cooked in a cottonseed soy bean specialty oil, using a seven-step Belgian-style process producing a fry reminiscent of those served at community fairs. Dave's Sweet Potato Chips® are a Bagger Dave's specialty using fresh-cut premium sweet potatoes from North Carolina. Guests can choose from our own signature dipping sauces to complement their order entrée and sides. Since our fryers are dedicated to potatoes and there are no breaded, frozen products offered at Bagger Dave's, our potato fries and sweet potato chips are gluten free and trans-fat free.

Beyond burger offerings, Bagger Dave's offers other entrees such as a Tomato-Basil-Onion Grilled Cheese sandwich, a California BLT

sandwich, Dave's Signature Italian Beef sandwich, and entrée sized chopped salads with grilled chicken. Bagger Dave's also offers hand-dipped ice cream and milkshakes with a variety of free mix-ins, adult shakes, sommelier-selected wines and a full selection of liquors. For fiscal year 2014, our average Bagger Dave's restaurant derived approximately 86.3% of its revenue from food, including non-alcoholic beverages, and 13.7% of its revenue from alcohol sales, primarily draft beer.

To reinforce the Bagger Dave's name and brand, our fresh-cut fries and sweet potato-chips are served in natural, brown bags decorated with our logo and served in a cake tin.

Buffalo Wild Wings

With 42 DRH-owned BWW restaurants (19 in Michigan, 14 in Florida, four in Illinois, and five in Indiana), including the nation's largest BWW, based on square footage, in downtown Detroit, Michigan, DRH is one of the largest BWLD franchisees. As of December 28, 2014, BWLD reported over 1,000 BWW restaurants in North America that were either directly owned or franchised. The restaurants feature a variety of boldly-flavored, craveable menu items in a welcoming neighborhood atmosphere with an extensive multimedia social environment, a full bar, and an open layout designed to create a distinctive dining experience for sports fans and families alike. We believe the restaurants are differentiated by the social environment we create and the connection the restaurants make with our team members, guests, and the local community. The inviting and energetic environment of the restaurants is complemented by furnishings that can easily be rearranged to accommodate parties of various sizes. Guests have the option of watching various sporting events on projection screens or approximately 50 additional televisions, competing in Buzztime Trivia, or playing video games.

BWW restaurants have won dozens of "Best Wings" and "Best Sports Bar" awards across the country. We believe the BWW menu is competitively priced between the quick-casual and casual dining segments. The menu features traditional chicken wings, boneless wings, and other items including chicken tenders, Wild Flatbreads™, popcorn shrimp, specialty hamburgers and sandwiches, wraps, Buffalito® soft tacos, appetizers, and salads. The made-to-order menu items are enhanced by the bold flavor profile of 16 signature sauces and five signature seasonings, which range in flavor from Sweet BBQ® to Blazin'®. The restaurants offer approximately 12 to 30 domestic and imported beers on tap, including several local or regional microbrews and a wide selection of bottled beer, wine, and liquor. We believe the award-winning food and memorable experience drives guest visits and loyalty. For fiscal year 2014, our average DRH-owned BWW restaurant derived approximately 80.9% of its revenue from food, including non-alcoholic beverages, and 19.1% of its revenue from alcohol sales, primarily draft beer.

Growth Strategy

We have a multi-layered growth strategy. We plan to grow by increasing the number of restaurants in each of the two concepts we currently offer and target opening a minimum of eight new restaurants per year.

We have successfully expanded our Bagger Dave's restaurant base from just three restaurants in 2010 to 26 company-owned locations as of March 13, 2015. We believe that we are well positioned to grow throughout the Midwest and ultimately nationally. We expect to open additional restaurants if suitable locations are found and appropriate financing can be secured. We plan to operate between 47 and 51 Bagger Dave's corporate locations by the end of 2017.

We currently operate 42 DRH-owned BWW restaurants: 19 in Michigan, 14 in Florida, four in Illinois, and five in Indiana. We have opened 24 DRH-owned BWW restaurants in fulfillment of our 32-restaurants ADA with BWLD. Including the remaining eight restaurants under the ADA, and two additional franchise agreements, we expect to operate 52 BWW restaurants by 2017, exclusive of potential acquisitions of additional BWW restaurants.

We believe our track record of acquiring and integrating BWW restaurants affords us with a unique opportunity to take advantage of strategic accretive acquisitions in the marketplace. Throughout our history, we have demonstrated our proven ability to leverage our operational expertise, infrastructure, and systems to drive stronger profitability and unit volumes at acquired restaurants. The combination of our size and history with the Buffalo Wild Wings brand allows us to utilize best practices and optimize the performance of any restaurants that we may acquire.

One of our guiding principles is that a happy team member translates into a happy guest. A happy guest drives repeat sales and word-of-mouth referrals – two key factors that are fundamental to our sales growth strategy. We believe that our core areas of expertise include site selection, development, management, quality guest service, and operations.

A center point in our expansion plan was opening the largest BWW, by square-footage, in downtown Detroit, Michigan, on December 23, 2012, to take advantage of the energy and positivity surrounding the revitalization and rebuilding of downtown Detroit. It occupies two stories in the Odd Fellow Building and is within walking distance of Ford Field, Comerica Park, and Joe Louis Arena. According to a New York Times article published on July 11, 2011, in the last 10 years, Downtown Detroit has experienced a 59.0% increase in the number of college-educated residents under the age of 35, creating a culture of trendy bars and restaurants. Also driving the revitalization efforts is Detroit's "15 by 15" initiative, a program focused on getting 15,000 young and talented households to move Downtown by 2015. To complement this location and further take advantage of the growth of downtown Detroit, a new, three-story Bagger Dave's was opened adjacent to this BWW in November of 2013.

Site Selection

We consider the real estate selection process to be a key factor in the long-term success of each restaurant, and as such, devote a significant amount of time and effort into identifying and evaluating each potential location. We consider several metrics to assess the strength of each proposed site, including daytime population, accessibility, population density, visibility and neighboring retailers.

For our restaurants, we prefer a strong end-cap position, which is a premier, highly visible corner positioned in a well-anchored shopping center or lifestyle entertainment center. We also seek to develop freestanding locations, if the opportunity meets our site selection criteria, along with specific economic thresholds.

Restaurant Operations

We believe that retaining high quality restaurant managers, valuing our team members, and providing fast, friendly service to our guests are key to our continued success. In order to retain our unique culture as we grow, we devote substantial resources to identifying, selecting, and training our restaurant-level team members. We typically have six in-restaurant trainers at each existing location who provide both front- and back-of-house training on site. We also have a seven-week training program of our restaurant managers, which consists of an average of four weeks of restaurant training and three weeks of cultural training. During their training, managers observe our established restaurants' operations and guest interactions. We believe our focus on guest-centric training is a core aspect of our Company and reinforces our mission to delight our guests.

Management and Staffing

The core values that define our corporate culture are cleanliness, service, and organization. Our restaurants are generally staffed with one managing partner and up to six assistant managers depending on the sales volume of the restaurant. The managing partner is responsible for day-to-day operations and for maintaining the standards of quality and performance that define our corporate culture. We utilize regional managing partners to oversee our managing partners and supervise the operation of our restaurants, including the continuing development of each restaurant's management team. Through regular visits to the restaurants and constant communication with the management team, the regional managing partners ensure adherence to all aspects of our concept, strategy, and standards of quality. We also have secret shoppers that visit our restaurants on a monthly basis and provide guest satisfaction scores for the criteria we define.

Training, Development, and Recruiting

We believe that successful restaurant operations, guest satisfaction, quality, and cleanliness begin with the team member - a key component of our strategy. We pride ourselves on facilitating a well-organized, thorough, hands-on training program. Our team members undergo classroom training followed by job shadowing in order to prepare them for their role.

We offer an incentive program which we believe is very competitive in the restaurant industry. Aside from competitive base salaries and benefits, management is incentivized with a performance-based bonus program. We also provide group health, dental, and vision insurance, a company-sponsored 401(k) plan with a discretionary matching contribution feature, a tuition reimbursement program, a referral bonus program, and opportunities for career advancement.

We emphasize growth from within the organization as much as possible, giving our team members the opportunity to develop and advance. We believe this philosophy helps build a strong, loyal management team with high team member retention rates, giving us an advantage over our competitors. We strive for a balance of internal promotion and external hiring.

Restaurants

Our typical Bagger Dave's restaurants range in size from 3,800 to 6,100 square feet, with a historical square foot average of about 4,300. We anticipate future restaurants will be approximately 4,000 to 4,500 square feet in size, plus an outside seating area where feasible. We anticipate an average cash investment per restaurant of approximately \$1.1 million to \$1.4 million. From time to time, our restaurants may be smaller or larger or cost more or less than our targeted range, depending on the particular circumstances of the selected site. Also, from time to time, we may elect to purchase either the building or the land and building for certain restaurants, which would require additional capital. We plan to continue development of this concept in the Michigan and Indiana and expand throughout the Midwest. Expansion outside of Michigan and Indiana will begin in 2015, as we intend to open Bagger Dave's restaurants in Ohio.

Our typical DRH-owned BWW restaurants range in size from 5,300 to 13,500 square feet, with a historical square foot average of about 6,400. We anticipate that future restaurants will range in size from 5,500 to 6,500 square feet with an average cash investment per restaurant of approximately \$1.9 million to \$2.1 million. From time to time, our restaurants may be smaller or larger or cost more or less than our targeted

range, depending on the particular circumstances of the selected site. Also, from time to time, we may elect to purchase either the building or the land and building for certain restaurants, which would require additional capital.

We have a continuous capital improvement plan for our restaurants and plan major renovations every five years to seven years. For a more detailed discussion of our capital improvement plans, see the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and specifically, the subsections entitled “Liquidity and Capital Resources; Expansion Plans”.

Quality Control and Purchasing

We strive to maintain high quality standards, protecting our food supply at all times.

Purchasing for DRH-owned BWW restaurants is primarily through channels established by BWLD corporate operations. We do, however, negotiate directly with most of these channels as to price and delivery terms. When we purchase directly, we seek to obtain the highest quality ingredients, products, and supplies from reliable sources at competitive prices. For Bagger Dave's, we believe that we have been able to leverage our DRH-owned BWW purchasing power to develop supply sources at a more reasonable cost than would be expected for a smaller restaurant concept.

To maximize our purchasing efficiencies, our centralized purchasing staff negotiates, when available, fixed-price contracts (usually for a one-year period) or, where appropriate, commodity-price contracts.

Marketing and Advertising

In fiscal year 2014, we spent approximately 1.7% of all restaurant sales on marketing efforts. In addition, charitable donations and local community sponsorships help us develop local public relations and are a major component of our marketing efforts. We support programs that build traffic at the grass roots level. We also participate in numerous local restaurant marketing events for both DRH-owned BWW and Bagger Dave's throughout the communities we serve.

Bagger Dave's

The advertising and marketing plan for developing the Bagger Dave's brand relies on local media, menu specials, promotions, and community events. We are also building our marketing reach with our current guests by enhancing our social media presence and our loyalty rewards program. We attribute a large part of our Bagger Dave's growth through word-of-mouth.

BWW

We pay a marketing fee to BWLD equal to 3.0% of revenue, which is supported by national advertising designed to build brand awareness. Some examples include television commercials on ESPN and CBS during key games for the NFL, MLB, NBA, and March Madness NCAA basketball tournaments. In addition, we invest in our own marketing initiatives, including 0.5% of DRH-owned BWW revenue which is allocated to a regional cooperative of BWW franchisees in the Detroit metropolitan area (for those DRH-owned BWW restaurants in the Detroit metropolitan area). We established the DRH-owned BWW restaurants in the Florida and Michigan markets through coordinated local restaurant marketing efforts and operating strengths that focus on the guest experience.

Information Systems and Technology

We believe that technology can provide a competitive advantage and enable our strategy for growth through efficient restaurant operations, information analysis, and ease and speed of guest service. We have a standard point-of-sale system in our restaurants that is integrated to our corporate office through a web-based above-store business intelligence reporting and analysis tool. Our systems are designed to improve operating efficiencies, enable rapid analysis of marketing and financial information, and improve administrative productivity. In 2012, we launched online ordering for our Bagger Dave's restaurants and recently launched table side ordering devices that allows servers to create orders and send orders to the kitchen while standing with the customer. We believe the table side ordering will help decrease serving time and increase customer turnover and satisfaction since these devices also accommodate credit card swipes so that the card never has to leave the customer's sight. Beginning in 2014, we also integrated the online ordering function for BWW and the Rockbot music experience where guests get to D.J. and select music played throughout the restaurant.

We are constantly assessing new technologies to improve operations, back-office processes, and overall guest experience. This includes the implementation of mobile payment options, advanced programming of kitchen display units, tablet-based wait-listing applications, and a mobile-based loyalty program.

Competition

The restaurant industry is highly competitive. We believe we compete primarily with local and regional sports bars and national casual dining and quick-casual establishments. Competition is expected to remain intense with respect to price, service, location, concept, and type and quality of food. There is also competition for real estate sites, qualified management personnel, and hourly restaurant staff. Many of our competitors have been in existence longer than we have and may be better established in markets where we are currently located or may, in the future, be located. Accordingly, we strive to continually improve our restaurants, maintain high quality standards, and treat our guests in a

manner that encourages them to return. We believe our pricing communicates value to the guest in a comfortable, welcoming atmosphere that provides full service to the guest.

Trademarks, Service Marks, and Trade Secrets

The BWW registered service mark is owned by BWLD.

Our domestically-registered trademarks and service marks include Bagger Dave's Burger Tavern[®], Sloppy Dave's BBQ[®], Railhouse Burger Sauce[®], The Blues Burger[®], Train Wreck Burger, Dave's Sweet Potato Chips[®], Meaningless Free Toppings[®], Sloppy Dave's Fries[®], and Amazingly Delicious Turkey Black Bean Chili[®]. We place considerable value on our trademarks, service marks, trade secrets, and other proprietary rights and believe they are important to our brand-building efforts and the marketing of our Bagger Dave's[®] restaurant concept. We intend to actively enforce and defend our intellectual property, however, we cannot predict whether the steps taken by us to protect our proprietary rights will be adequate to prevent misappropriation of these rights or the use by others of restaurant features based upon or similar to our concepts. Although we believe we have sufficient protections concerning our trademarks and service marks, we may face claims of infringement that could interfere with our ability to market our restaurants and promote our brand.

Government Regulations

The restaurant industry is subject to numerous federal, state, and local governmental regulations, including those relating to the preparation and sale of food and alcoholic beverages, sanitation, public health, nutrition labeling requirements, fire codes, zoning, and building requirements and to periodic review by state and municipal authorities for areas in which the restaurants are located. Each restaurant requires appropriate licenses from regulatory authorities allowing it to sell beer, wine, and liquor and each restaurant requires food service licenses from local health authorities. Majority of our licenses to sell alcoholic beverages must renewed annually and may be suspended or revoked at any time for cause, including violation by us or our team members of any law or regulation pertaining to alcoholic beverage control, such as those regulating the minimum age of team members or patrons who may serve or be served alcoholic beverages, the serving of alcoholic beverages to visibly intoxicated patrons, advertising, wholesale purchasing, and inventory control. In order to reduce this risk, restaurant team members are trained in standardized operating procedures designed to assure compliance with all applicable codes and regulations. We have not encountered any material problems relating to alcoholic beverage licenses or permits to date.

We are also subject to laws governing our relationship with team members. Our failure to comply with federal, state, and local employment laws and regulations may subject us to losses and harm our brands. The laws and regulations govern such matters as wage and hour requirements; workers' compensation insurance; unemployment and other taxes; working and safety conditions; overtime; and citizenship and immigration status. Significant additional government-imposed regulations under the Fair Labor Standards Act and similar laws related to minimum wages, overtime, rest breaks, paid leaves of absence, and mandated health benefits may also impact the performance of our operations. In addition, team member claims based on, among other things, discrimination, harassment, wrongful termination, wage, hour requirements, and payments to team members who receive gratuities, may divert financial and management resources and adversely affect operations. The losses that may be incurred as a result of any violation of such governmental regulations by the Company are difficult to quantify. To our knowledge, we are in compliance in all material respects with all applicable federal, state, and local laws affecting our business.

Compliance with these laws and regulations may lead to increased costs and operational complexity and may increase our exposure to governmental investigations or litigation. We may also be subject, in certain states, to "dram shop" statutes, which generally allow a person injured by an intoxicated person to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated person. We carry liquor liability coverage as part of our existing comprehensive general liability insurance which we believe is consistent with coverage carried by other companies in the restaurant industry of similar size and scope of operations. Even though we carry liquor liability insurance, a judgment against us under a "dram shop" statute in excess of our liability coverage could have a material adverse effect on our operations.

ITEM 1A. RISK FACTORS

This Form 10-K, including the discussions contained in Items 1 and 7, contains various “forward-looking statements” that are based on current expectations or beliefs concerning future events. Such statements can be identified by the use of terminology such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “could,” “possible,” “plan,” “project,” “will,” “forecast” and similar words or expressions. Our forward-looking statements generally relate to our growth strategy, financial results, sales efforts, franchise expectations, restaurant openings and related expense, and cash requirements. Although we believe there is a reasonable basis for the forward-looking statements, our actual results could be materially different. While it is not possible to foresee all of the factors that may cause actual results to differ from our forward-looking statements, such factors include, among others, the risk factors that follow. Investors are cautioned that all forward-looking statements involve risks and uncertainties and speak only as of the date on which they are made, and we do not undertake any obligation to update any forward-looking statement.

Risks Related to Our Business and Industry

Our Financial Results Depend Significantly Upon the Success of Our Existing and New Restaurants

Future growth in our revenue and profits will depend on our ability to maintain or grow sales and efficiently manage costs in our existing and new restaurants. Currently, we have 26 Bagger Dave’s restaurant and 42 DRH-owned BWW restaurants. The results achieved by our current restaurants may not be indicative of longer-term performance or the potential market acceptance of our restaurant concepts in other locations. Additionally, the success of one restaurant concept may not be indicative or predictive of the success of the other.

The success of our restaurants depends principally upon generating and maintaining guest traffic, loyalty, and achieving positive margins. Significant factors that might adversely affect guest traffic and loyalty and profit margins include:

- economic conditions, including housing market downturns, rising unemployment rates, lower disposable income, credit conditions, fuel prices and consumer confidence and other events or factors that adversely affect consumer spending in the markets we serve;
- competition in the restaurant industry, particularly in the casual and fast-casual dining segments;
- changes in consumer preferences;
- our guests’ failure to accept menu price increases that we may make to offset increases in certain operating costs;
- our reputation and consumer perception of our concepts’ offerings in terms of quality, price, value, ambience and service; and
- our guests’ actual experiences from dining in our restaurants.

Our restaurants are also susceptible to increases in certain key operating expenses that are either wholly or partially beyond our control, including:

- food and other raw materials costs, many of which we cannot effectively hedge;
- compensation costs, including wage, workers’ compensation, health care and other benefits expenses;
- rent expenses and construction, remodeling, maintenance and other costs under leases for our new and existing restaurants;
- compliance costs as a result of changes in regulatory or industry standards;
- energy, water and other utility costs;
- costs for insurance (including health, liability and workers’ compensation);
- information technology and other logistical costs; and
- expenses due to litigation against us.

We May Not Be Able to Manage Our Growth

Our expansion strategy will depend upon our ability to open and operate additional restaurants profitably. The opening of new restaurants will depend on a number of factors, many of which are beyond our control. These factors include, among others, the availability of management, restaurant staff, and other personnel, the cost and availability of suitable restaurant locations, cost-effective and timely planning, design and build out of restaurants, acceptable leasing terms, acceptable financing, and securing required governmental permits. Although we have formulated our business plans and expansion strategies based on certain estimates and assumptions we believe are reasonable, we anticipate that we will be subject to changing conditions that will cause certain of these estimates and assumptions to be incorrect. For example, our restaurants may not open at the planned time due to factors beyond our control, including, among other factors, site selection, BWLD's approval with respect to new BWW openings, negotiations with landlords, and construction or permitting delays.

We May Not Be Successful When Entering New Markets

When expanding the Bagger Dave's and BWW concepts, we will enter new markets in which we may have limited or no operating experience. There can be no assurance that we will be able to achieve success and/or profitability in our new markets or in our new restaurants. The success of these new restaurants will be affected by the different competitive conditions, consumer tastes, and discretionary spending patterns within the new markets, as well as by our ability to generate market awareness of the Bagger Dave's and BWW brands. New restaurants typically require several months of operation before achieving normal levels of profitability. When we enter highly competitive new markets or territories in which we have not yet established a market presence, the realization of our revenue targets and desired profit margins may be more susceptible to volatility and/or more prolonged than anticipated.

Competition in the Restaurant Industry May Affect Our Ability to Compete Effectively

The restaurant industry is intensely competitive. We believe we compete primarily with regional and local sports bars, burger establishments, casual dining concepts, and fast-casual establishments. Competition from "better burger" establishments has recently been particularly intense. Many of our direct and indirect competitors are well-established national, regional, or local chains with a greater market presence than us. Further, some competitors have substantially greater financial, marketing, and other resources than us. In addition, independent owners of local or regional establishments may enter the wing-based or burger-based restaurant businesses without significant barriers to entry and such establishments may provide price competition for our restaurants. Competition in the casual dining, fast-casual, and quick-service segments of the restaurant industry is expected to remain intense with respect to price, service, location, concept, and the type and quality of food. We also face intense competition for real estate sites, qualified management personnel, and hourly restaurant staff.

New Restaurants Added to Our Existing Markets May Take Sales From Existing Restaurants

New restaurants added to our existing markets, whether by us or others, may take sales away from our existing restaurants. Because we intend to open restaurants in our existing markets, and others may intend the same, this may impact revenue earned by our existing restaurants.

Higher-Than-Anticipated Costs Associated With the Opening of New Restaurants or With the Closing, Relocating, or Remodeling of Existing Restaurants May Adversely Affect Our Results of Operations

Our revenue and expenses may be significantly impacted by the location, number, and timing of the opening of new restaurants and the closing, relocating, and remodeling of existing restaurants. We incur substantial pre-opening expenses each time we open a new restaurant and will incur other expenses if we close, relocate or remodel existing restaurants. These expenses are generally higher when we open restaurants in new markets, but the costs of opening, closing, relocating, or remodeling any of our restaurants may be higher than anticipated. An increase in such expenses could have an adverse effect on our results of operations.

Future Acquisitions May Have Unanticipated Consequences That Could Harm Our Business and Our Financial Condition

We may seek to selectively acquire existing BWW restaurants. To do so, we would need to identify suitable acquisition candidates, negotiate acceptable acquisition terms, and obtain appropriate financing as needed. Any acquisitions we pursue, whether successfully completed or not, may involve risks, including:

- material adverse effects on our operating results, particularly in the fiscal quarters immediately following the acquisition as the acquired restaurants are integrated into our operations;
- customary closing and indemnification risks associated with any acquisition;
- funds used pursuing acquisitions we are ultimately unable to consummate because the transaction is subject to a right of first

refusal in favor of our franchisor, BWLD; and

- diversion of management's attention from other business concerns.

Future acquisitions of existing restaurants, which may be accomplished through a cash purchase transaction, the issuance of our equity securities, or a combination of both, could result in potentially dilutive issuances of our equity securities, the incurrence of debt and contingent liabilities, and impairment charges related to intangible assets, any of which could harm our business and financial condition.

We May Suffer Negative Consequences if New Restaurants Do Not Open in a Timely Manner

If we are unable to successfully open new restaurants in a timely manner, our revenue growth rate and profits may be adversely affected. We must open restaurants in a timely and profitable manner to successfully expand our business. In the past, we have experienced delays in restaurant openings and we may face similar delays in the future. These delays may trigger material financial penalties assessed against us by BWLD as provided in our ADA. These delays may also not meet market expectations, which may negatively affect our stock price. Our ability to expand successfully and in a timely manner will depend on a number of factors, many of which are beyond our control. A few of the factors are listed below:

- Locating and securing quality locations in new and existing markets;
- Negotiating acceptable leases or purchase agreements;
- Securing acceptable financing for new locations;
- Cost-effective and timely planning, design, and build-out of restaurants;
- Attracting, recruiting, training, and retaining qualified team members;
- Hiring reputable and satisfactory construction contractors;
- Competition in new and existing markets;
- Obtaining and maintaining required local, state, and federal government approvals and permits related to the construction of sites and the sale of food and alcoholic beverages;
- Creating brand awareness in new markets; and
- General economic conditions.

The Loss of Key Executives Could Affect Our Performance

Our success depends substantially on the contributions and abilities of key executives and other team members. The loss of any of our executive officers could jeopardize our ability to meet our financial targets. In particular, we are highly dependent upon the services of T. Michael Ansley, David G. Burke, and Jason T. Curtis. We do not have employment agreements with these individuals or any of our other team members. Our inability to retain the full-time services of any of these people or to attract other qualified executives could have an adverse effect on us, and there would likely be a difficult transition period in finding suitable replacements for any of them.

We May Not Be Able to Attract and Retain Qualified Team Members to Operate and Manage Our Restaurants

The success of our restaurants depends on our ability to attract, motivate, develop, and retain a sufficient number of qualified restaurant team members, including managers and hourly team members. The inability to recruit, develop, and retain these individuals may delay the planned openings of new restaurants or result in high team member turnover in existing restaurants, thus increasing the cost to efficiently operate our restaurants. This could inhibit our expansion strategy and business performance and negatively impact our operating results

Fluctuations in the Cost of Food Could Impact Operating Results

Our primary food products are fresh bone-in chicken wings, ground beef, and potatoes. Our food, beverage, and packaging costs could be significantly affected by increases in the cost of fresh chicken wings and ground beef, which can result from a number of factors, including but not limited to, seasonality, cost of corn and grain, animal disease, drought and other weather phenomena, increase in demand domestically and internationally, and other factors that may affect availability. Additionally, if there is a significant rise in the price of chicken wings or ground beef, and we are unable to successfully adjust menu prices or menu mix or otherwise make operational adjustments to account for the higher wing and beef prices, our operating results could be adversely affected. We also depend on our franchisor, BWLD, as it relates to chicken wings, to negotiate prices and deliver product to us at a reasonable cost. Chicken wing prices per pound averaged \$1.53 in 2014, \$0.23 lower than the average of \$1.76 in 2013. BWLD currently purchases and secures for its franchisees chicken wings at market price.

Shortages or Interruptions in the Availability and Delivery of Food and Other Supplies May Increase Costs or Reduce Revenue

Possible shortages or interruptions in the supply of food items and other supplies to our restaurants caused by inclement weather, terrorist attacks, natural disasters such as floods, drought, and hurricanes, pandemics, the inability of our vendors to obtain credit in a tightened credit market, food safety warnings or advisories, or the prospect of such pronouncements, or other conditions beyond our control, could adversely affect the availability, quality, and cost of items we buy and the operations of our restaurants. Our inability to effectively manage supply chain risk could increase our costs and limit the availability of products critical to our restaurant operations.

Our Success Depends Substantially on the Value of Our Brands and Unfavorable Publicity Could Harm Our Business

Multi-unit restaurant businesses such as ours can be adversely affected by publicity resulting from complaints, litigation, or general publicity regarding poor food quality, food-borne illness, personal injury, food tampering, adverse health effects of consumption of various food products or high-calorie foods (including obesity), or other concerns. Negative publicity from traditional media or online social network postings may also result from actual or alleged incidents or events taking place in our restaurants.

There has been a marked increase in the use of social media platforms and similar devices, including weblogs (blogs), social media websites, and other forms of Internet-based communications which allow individuals access to a broad audience of consumers and other interested persons. Consumers value readily available information concerning goods and services that they have or plan to purchase, and may act on such information without further investigation or authentication. The availability of information on social media platforms is virtually immediate as is its impact. Many social media platforms immediately publish the content their subscribers and participants can post, often without filters or checks on accuracy of the content posted. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. Information concerning our Company may be posted on such platforms at any time. Information posted may be adverse to our interests or may be inaccurate, each of which may harm our performance, prospects, or business. The harm may be immediate without affording us an opportunity for redress or correction. Such platforms also could be used for dissemination of trade secret information, compromising valuable company assets. In sum, the dissemination of information online could harm our business, prospects, financial condition, and results of operations, regardless of the information's accuracy.

Regardless of whether any public allegations or complaints are valid, unfavorable publicity relating to a number of our restaurants, or only to a single restaurant, could adversely affect public perception of the entire brand. Adverse publicity and its effect on overall consumer perceptions of food safety, or our failure to respond effectively to adverse publicity, could have a material adverse effect on our business. We must protect and grow the value of our brands to continue to be successful in the future. Any incident that erodes consumer trust in or affinity for our brands could significantly reduce their value. If consumers perceive or experience a reduction in food quality, service, ambiance, or in any way believe we failed to deliver a consistently positive experience, the value of our brands could suffer.

Increases in Our Compensation Costs, Including as a Result of Changes in Government Regulation, Could Slow Our Growth or Harm Our Business

We are subject to a wide range of compensation costs. Because our compensation costs are, as a percentage of revenue, higher than other industries, we may be significantly harmed by compensation cost increases. Unfavorable fluctuations in market conditions, availability of such insurance, or changes in state and/or federal regulations could significantly increase our insurance premiums. In addition, we are subject to the risk of employment-related litigation at both the state and federal levels, including claims styled as class action lawsuits, which are more costly to defend. Also, some employment-related claims in the area of wage and hour disputes are not insurable risks.

Significant increases in health care costs may also continue to occur, and we can provide no assurance that we will be able to effectively contain those costs. Further, we are continuing to assess the impact of recently-adopted federal health care legislation on our health care benefit costs, and significant increases in such costs could adversely impact our operating results.

In addition, many of our restaurant personnel are hourly team members subject to various minimum wage requirements or changes to existing tip credit laws. Mandated increases in minimum wage levels and changes to the tip credit laws, which dictate the amounts an employer is permitted to assume an team member receives in tips when calculating the team member’s hourly wage for minimum wage compliance purposes, have recently been and continue to be proposed and implemented at both federal and state government levels. Continued minimum wage increases or changes to allowable tip credits may further increase our compensation costs or effective tax rate.

Various states in which we operate are considering or have already adopted new immigration laws, and the U.S. Congress and Department of Homeland Security from time to time consider or implement changes to federal immigration laws, regulations, or enforcement programs as well. Some of these changes may increase our obligations for compliance and oversight, which could subject us to additional costs and make our hiring process more cumbersome, or reduce the availability of potential team members. Although we require all team members to provide us with government-specified documentation evidencing their employment eligibility, some of our team members may, without our knowledge, be unauthorized team members. Unauthorized team members are subject to deportation and may subject us to fines or penalties, and if any of our team members are found to be unauthorized, we could experience adverse publicity that negatively impacts our brand and may make it more difficult to hire and keep qualified team members. Termination of a significant number of team members that, unbeknownst to us, were unauthorized team members may disrupt our operations, cause temporary increases in our compensation costs as we train new team members and result in additional adverse publicity. Our financial performance could be materially harmed as a result of any of these factors.

Changes in Public Health Concerns and Legislation and Regulations Requiring the Provision of Nutritional Information May Impact Our Performance

Government regulation and consumer eating habits may impact our business as a result of changes in attitudes regarding diet and health or new information regarding the health effects of consuming our menu offerings. These changes have resulted in, and may continue to result in, the enactment of laws and regulations that impact the ingredients and nutritional content of our menu offerings, or laws and regulations requiring us to disclose the nutritional content of our food offerings. For example, a number of states, counties, and cities have enacted menu labeling laws requiring multi-unit restaurant operators to disclose certain nutritional information available to guests, or have enacted legislation restricting the use of certain types of ingredients in restaurants. The U.S. health care reform law included nation-wide menu labeling and nutrition disclosure requirements as well, and our restaurants will be covered by these national requirements when they go into effect. The final rule was published on December 1, 2014 and requires implementation by December 1, 2015. Although the federal legislation is intended to preempt conflicting state or local laws on nutrition labeling, until we are required to comply with the federal law, we will be subject to a patchwork of state and local laws and regulations regarding nutritional content disclosure requirements. Many of these requirements are inconsistent or are interpreted differently from one jurisdiction to another. The effect of such labeling requirements on consumer choices, if any, is unclear at this time. We cannot make any assurances regarding our ability to effectively respond to changes in consumer health perceptions or our ability to successfully implement the nutrient content disclosure requirements and to adapt our menu offerings to trends in eating habits. The imposition of menu-labeling laws could have an adverse effect on our results of operations and financial position, as well as the restaurant industry in general.

Multiple jurisdictions in which we operate could adopt recently enacted new requirements that require us to adopt and implement a Hazard Analysis and Critical Control Points (“HACCP”) system for managing food safety and quality. HACCP refers to a management system in which food safety is addressed through the analysis and control of potential hazards from production, procurement, and handling, to manufacturing, distribution, and consumption of the finished product. We expect to incur certain costs to comply with these regulations and these costs may be more than we anticipate. If we fail to comply with these laws or regulations, our business could experience a material adverse effect.

Further, growing movements to change laws relating to alcohol may result in a decline in alcohol consumption at our restaurants or increase the number of dram shop claims made against us, either of which may negatively impact operations or result in the loss of liquor licenses.

Changes in Consumer Preferences or Discretionary Consumer Spending Could Harm Our Performance

Our success depends, in part, upon the continued popularity of our chicken and boneless wings, hamburgers and turkey burgers, other food and beverage items, and the appeal of our restaurant concepts. We also depend on trends toward consumers eating away from home. Shifts in these consumer preferences could negatively affect our future profitability. Such shifts could be based on health concerns related to the cholesterol, carbohydrate, fat, calorie, or salt content of certain food items, including items featured on our menu. Negative publicity over the health aspects of such food items may adversely affect consumer demand for our menu items and could result in a decrease in guest traffic to our restaurants, which could materially harm our business. In addition, our success depends, to a significant extent, on numerous factors affecting discretionary consumer spending, general economic conditions (including the continuing effects of the recent recession), disposable consumer income, and consumer confidence. A decline in consumer spending or in economic conditions could reduce guest traffic or impose practical limits on pricing, either of which could harm our business, financial condition, operating results, or cash flow.

Actions by Our Franchisor Could Negatively Affect Our Business and Operating Results

We are economically dependent on retaining our franchise rights with BWLD. Our DRH-owned BWW restaurant operations depend, in part, on decisions made by our franchisor, including changes of distributors, food menu items and prices, policies and procedures, and advertising programs. Business decisions made by BWLD could adversely impact our operating performance and profitability. Under our ADA, BWLD has the right to immediately terminate the ADA if, among other things, we are unable to comply with the development schedule or if one of the

Franchise Agreements entered into pursuant to the area ADA is terminated. Termination of the ADA could adversely affect our growth strategy and, in turn, our financial condition. Additionally, the ADA and the individual Franchise Agreements provide BWLD with the authority to approve the location selected for our future BWLD franchises, as well as approve the design of the individual restaurant. BWLD must give its consent prior to the opening of a new BWW restaurant and, once the restaurant is open, we are subject to various operational requirements, including the use of specific suppliers and products. Delays in the approval of our locations or pre-opening approval, as well as changes to the operational requirements, may impact our operating performance.

Our Operating Results May Fluctuate Due to the Timing of Special Events

Our operating results depend, in part, on special events, such as the Super Bowl[®] and other sporting events viewed by our guests in our restaurants, including those sponsored by the National Football League, Major League Baseball, National Basketball Association, National Hockey League, and National Collegiate Athletic Association. Interruptions in the viewing of these professional sporting league events due to strikes or lockouts may impact our business and operating results. Additionally, our results are subject to fluctuations based on the dates of sporting events and their availability for viewing through broadcast, satellite, and cable networks. Historically, sales in most of our restaurants have been higher during fall and winter months based on the relative popularity and extent of national, regional, and local sporting and other events in the geographic regions in which we currently operate.

Our Inability to Renew Existing Leases or Enter Into New Leases For New or Relocated Restaurants on Favorable Terms May Adversely Affect Our Results of Operations

As of the date of December 28, 2014, 67 of our 68 restaurants are located on leased premises and are subject to varying lease-specific arrangements. For example, some of the leases require base rent that is subject to increase based on market factors, and other leases include base rent with specified periodic increases. Some leases are subject to renewals which could involve substantial increases. Additionally, a few leases require contingent rent based on a percentage of gross sales. When our leases expire in the future, we will evaluate the desirability of renewing such leases. While we currently expect to pursue all renewal options, no guarantee can be given that such leases will be renewed or, if renewed, that rents will not increase substantially. The success of our restaurants depends in large part on their leased locations. As demographic and economic patterns change, current leased locations may or may not continue to be attractive or profitable. Possible declines in trade areas where our restaurants are located or adverse economic conditions in surrounding areas could result in reduced revenue in those locations. In addition, desirable lease locations for new restaurant openings or for the relocation of existing restaurants may not be available at an acceptable cost when we identify a particular opportunity for a new restaurant or relocation.

Economic Conditions Could Have a Material Adverse Impact on Our Landlords in Retail Centers in Which We Are Located

Our landlords may be unable to obtain financing or remain in good standing under their existing financing arrangements, resulting in failures to pay required construction contributions or satisfy other lease covenants to us. If our landlords fail to satisfy required co-tenancies, such failures may result in us terminating leases or delaying openings in these locations. Also, decreases in total tenant occupancy in retail centers in which we are located may affect guest traffic at our restaurants. All of these factors could have a material adverse impact on our operations.

A Decline in Visitors to Any of the Business Districts Near the Locations of Our Restaurants Could Negatively Affect Our Restaurant Sales

Some of our restaurants are located near high-activity areas such as retail centers, big-box shopping centers, and entertainment centers. We depend on high visitor rates at these businesses to attract guests to our restaurants. If visitors to these centers decline due to economic conditions, closure of big-box retailers, road construction, changes in consumer preferences or shopping patterns, changes in discretionary consumer spending or otherwise, our restaurant sales in these areas could decline significantly and adversely affect the results of our operations.

Because Many of Our Restaurants are Concentrated in Local or Regional Areas, We are Susceptible to Economic and Other Trends and Developments, Including Adverse Weather Conditions, in These Areas

Our financial performance is highly dependent on restaurants located in Florida, Illinois, Indiana, and Michigan. As a result, adverse economic conditions in any of these areas could have a material adverse effect on our overall results of operations. In recent years, certain of these states have been more negatively impacted by the housing decline, high unemployment rates, and the overall economic crisis than other geographic areas. In addition, other regional occurrences such as local strikes, terrorist attacks, increases in energy prices, adverse weather conditions, hurricanes, droughts, or other natural or man-made disasters have occurred. In particular, adverse weather conditions can impact guest traffic at our restaurants, cause the temporary underutilization of certain seating areas, and, in more severe cases, cause temporary restaurant closures, sometimes for prolonged periods. As of December 28, 2014, approximately 78.8% of our total restaurants are located in Illinois, Indiana and Michigan, which are particularly susceptible to snowfall, and approximately 21.2% of our total restaurants are located in Florida, which is particularly susceptible to hurricanes.

Legal Actions Could Have an Adverse Effect on Us

We could face legal action from government agencies, team members, guests, or other parties. Many state and federal laws govern our industry, and if we fail to comply with these laws, we could be liable for damages or penalties. Further, we may face litigation from guests alleging that we were responsible for an illness or injury they suffered at or after a visit to our restaurants, or alleging that we are not complying with regulations governing our food quality or operations. We may also face employment-related litigation, including claims of age discrimination, sexual harassment, gender discrimination, immigration violations, or other local, state, and federal labor law violations.

We May Not Be Able to Obtain and Maintain Licenses and Permits Necessary to Operate Our Restaurants

The restaurant industry is subject to various federal, state, and local government licensure and permitting requirements, including those relating to the sale of food and alcoholic beverages. The failure to obtain and maintain these licenses, permits, and approvals, including food and liquor licenses, could adversely affect our operating results. Difficulties or failure to obtain any required licenses, permits, or other government approvals could delay or result in our decision to cancel the opening of new restaurants. Local authorities may revoke, suspend, or deny renewal of our food and liquor licenses if they determine that our conduct violates applicable regulations.

The Sale of Alcoholic Beverages at Our Restaurants Subjects Us to Additional Regulations and Potential Liability

For fiscal year 2014, approximately 18.2% of our consolidated restaurant sales were attributable to the sale of alcoholic beverages. Our restaurants sell alcoholic beverages, as such, we are required to comply with the alcohol licensing requirements of the federal government, states, and municipalities where our restaurants are located. Alcoholic beverage control regulations require applications to state authorities and, in certain locations, county and municipal authorities for a license and permit to sell alcoholic beverages on the premises and to provide service for extended hours and on Sundays. Typically, the licenses are renewed annually and may be revoked or suspended for cause at any time. Alcoholic beverage control regulations relate to numerous aspects of the daily operations of the restaurants, including minimum age of guests and team members, hours of operation, advertising, wholesale purchasing, inventory control and handling, storage, and dispensing of alcoholic beverages. If we fail to comply with federal, state, or local regulations, our licenses may be revoked and we may be forced to terminate the sale of alcoholic beverages at one or more of our restaurants.

In certain states, we are subject to “dram shop” statutes, which generally allow a person injured by an intoxicated person the right to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated person. Some dram shop litigation against restaurant companies has resulted in significant judgments, including punitive damages.

We May Not Be Able to Protect Our Trademarks, Service Marks, and Trade Secrets

We place considerable value on our trademarks, service marks, and trade secrets. We intend to actively enforce and defend our intellectual property, although we may not always be successful. We attempt to protect our recipes as trade secrets by, among other things, requiring confidentiality agreements with our suppliers and executive officers. However, we cannot be sure that we will be able to successfully enforce our rights under our marks or prevent competitors from misappropriating our recipes, nor can we be sure that our methods of safeguarding our information are adequate and effective. We also cannot be sure that our marks are valuable; that using our marks does not, or will not, violate others' marks; that the registrations of our marks would be upheld if challenged; or that we would not be prevented from using our marks in areas of the country where others might have already established rights to them. Any of these uncertainties could have an adverse effect on us and our expansion strategy.

We Are Dependent on Information Technology and Any Material Failure of That Technology Could Impair Our Ability to Efficiently Operate Our Business

We rely on information systems across our operations, including, for example, point-of-sale processing in our restaurants, management of our supply chain, collection of cash, payment of obligations, and various other processes and procedures. Our ability to efficiently manage our business depends significantly on the reliability and capacity of these systems. The failure of these systems to operate effectively, problems with maintenance, upgrading or transitioning to replacement systems, or a breach in security of these systems could cause delays in guest service and reduce efficiency in our operations. Significant capital investments might be required to remediate any problems.

Our Ability to Raise Capital in the Future May Be Limited, Which Could Adversely Impact Our Business

Changes in our restaurant operations, lower than anticipated restaurant sales, increased food or compensation costs, increased property expenses, acceleration of our expansion plans, or other events, including those described in this Annual Report, may cause us to seek additional debt or equity financing on an accelerated basis. Financing may not be available to us on acceptable terms, and our failure to raise capital when needed could negatively impact our restaurant growth plans as well as our financial condition and the results of operations. Additional equity

financing, if available, may be dilutive to the holders of our common stock. Debt financing may involve significant cash payment obligations, covenants, and financial ratios that may restrict our ability to operate and grow our business.

There Can Be No Assurances That, in the Future, We Will Be in Compliance With All Covenants of Our Current or Future Debt Agreements or That Our Lenders Will Waive Any Violations of Such Covenants

Non-compliance with our debt covenants could have a material adverse effect on our business, results of operations, and financial condition. Non-compliance may result in us being in default under our debt agreements, which could cause a substantial financial burden by requiring us to repay our debt earlier than otherwise anticipated.

Our Current Insurance May Not Provide Adequate Levels of Coverage Against Claims

We currently maintain insurance that is customary and required in our franchise agreements and leases. However, there are types of losses we may incur that cannot be insured against or that we believe are not economically reasonable to insure against, such as losses due to natural disasters. Such damages could have a material adverse effect on our business and the results of operations. Additionally, there is no assurance that we will be able to maintain our current coverage at acceptable premium rates or that any coverage will be available to us in the future.

An Impairment in the Carrying Value of Our Fixed Assets, Intangible Assets or Goodwill Could Adversely Affect Our Financial Condition and Consolidated Results of Operations

Goodwill represents the excess of cost over the fair value of identified net assets of business acquired. We review goodwill for impairment annually, or whenever circumstances change in a way which could indicate that impairment may have occurred. Goodwill is tested at the reporting unit level. We identify potential goodwill impairments by comparing the fair value of the reporting unit to its carrying amount, which includes goodwill and other intangible assets. If the carrying amount of the reporting unit exceeds the fair value, this is an indication that impairment may exist. We calculate the amount of the impairment by comparing the fair value of the assets and liabilities to the fair value of the reporting unit. The fair value of the reporting unit in excess of the value of the assets and liabilities is the implied fair value of the goodwill. If this amount is less than the carrying amount of goodwill, impairment is recognized for the difference. A significant amount of judgment is involved in determining if an indication of impairment exists. Factors may include, among others: a significant decline in our expected future cash flows; a sustained, significant decline in our stock price and market capitalization; a significant adverse change in legal factors or in the business climate; unanticipated competition; the testing for recoverability of a significant asset group within a reporting unit; and slower growth rates. Any adverse change in these factors would have a significant impact on the recoverability of these assets and negatively affect our financial condition and consolidated results of operations. We are required to record a non-cash impairment charge if the testing performed indicates that goodwill has been impaired.

We evaluate the useful lives of our fixed assets and intangible assets to determine if they are definite- or indefinite-lived. Reaching a determination on useful life requires significant judgments and assumptions regarding the future effects of obsolescence, demand, competition, other economic factors (such as the stability of the industry, legislative action that results in an uncertain or changing regulatory environment, and expected changes in distribution channels), the level of required maintenance expenditures, and the expected lives of other related groups of assets. We cannot accurately predict the amount and timing of any impairment of assets. Should the value of fixed assets or intangible assets become impaired, there could be an adverse effect on our financial condition and consolidated results of operations.

We May Incur Costs Resulting From Security Risks We Face in Connection With Our Electronic Processing and Transmission of Confidential Guest Information

We accept electronic payment cards from our guests in our restaurants. For the fiscal year ended December 28, 2014, approximately 66.6% of our sales were attributable to credit/debit card transactions, and credit/debit card usage could continue to increase. A number of restaurant operators and retailers have experienced actual or potential security breaches in which credit/debit card information may have been stolen. While we have taken reasonable steps to prevent the occurrence of security breaches in this respect, we may in the future become subject to claims for purportedly fraudulent transactions arising out of the actual or alleged theft of credit/debit card information, and we may also be subject to lawsuits or other proceedings in the future relating to these types of incidents. Proceedings related to theft of credit/debit card information may be brought by payment card providers, banks, and credit unions that issue cards, cardholders (either individually or as part of a class action lawsuit), and federal and state regulators. Any such proceedings could distract our management team members from running our business and cause us to incur significant unplanned losses and expenses.

We also receive and maintain certain personal information about our guests and team members. The use of this information by us is regulated at the federal and state levels. If our security and information systems are compromised or our team members fail to comply with these laws and regulations and this information is obtained by unauthorized persons or used inappropriately, it could adversely affect our reputation, as well as the results of operations, and could result in litigation against us or the imposition of penalties. In addition, our ability to accept credit/debit cards as payment in our restaurants and online depends on us maintaining our compliance status with standards set by the PCI Security Standards Council. These standards, set by a consortium of the major credit card companies, require certain levels of system security and procedures to protect our guests' credit/debit card information as well as other personal information. Privacy and information security laws

and regulations change over time, and compliance with those changes may result in cost increases due to necessary system and process changes.

We have Identified a Material Weakness in Our Internal Control Over Financial Reporting. Failure to Establish and Maintain Our Internal Control Over Financial Reporting Could Harm Our Business and Financial Results.

In connection with the preparation of the financial statements included in this Form 10-K, we identified a material weakness in our internal control over financial reporting for the year ended December 28, 2014.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Our management has determined that our internal control related to financial reporting was not effective to ensure the effective design of internal control and that an effective evaluation and review of complex accounting matters had occurred prior to presentation to our external auditors. Specifically, our initial evaluation of long-lived assets for potential impairment was not sufficient under generally accepted accounting principles. Further, our evaluation of the accounting for modifications made under our borrowing arrangements reached an incorrect conclusion and we did not adequately evaluate the realization of our deferred tax assets. While we do not believe that this affected the accuracy of our financial statements included in the Annual Report on Form 10-K, this control deficiency could result in a material misstatement of the financial statements that would not be prevented or detected. This material weakness was identified in connection with our assessment of the effectiveness of internal control over financial reporting as of December 28, 2014, and has not yet been remediated. However, our management team has reviewed and discussed the identified material weakness with the Audit Committee and is in the process of developing and implementing an action plan to resolve it.

Our management team members are responsible for establishing and maintaining effective internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with accounting principles generally accepted in the United States. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that we would prevent or detect a misstatement of our financial statements or fraud. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and timely or to detect and prevent fraud. Failure to remediate this material weakness or additional material weaknesses in internal control over financial reporting could cause a loss of investor confidence and decline in the market price of our stock.

Our Inability or Failure to Effectively Manage Our Marketing Through Social Media Could Materially Adversely Impact Our Business.

As part of our marketing efforts, we rely on search engine marketing and social media platforms such as Facebook[®] and Twitter[®] to attract and retain guests. We also are initiating a multi-year effort to implement new technology platforms that should allow us to digitally engage with our guests and team members and strengthen our marketing and analytics capabilities. These initiatives may not be successful, resulting in expenses incurred without the benefit of higher revenues or increased employee engagement. In addition, a variety of risks are associated with the use of social media, including the improper disclosure of proprietary information, negative comments about our company, exposure of personally identifiable information, fraud, or out-of-date information. The inappropriate use of social media vehicles by our guests or team members could increase our costs, lead to litigation, or result in negative publicity that could damage our reputation.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our main office is located at 27680 Franklin Road, Southfield, Michigan 48034 and our telephone number is (248) 223-9160. Our main office has approximately 5,340 square feet of office space. We occupy this facility under a lease that ends June 30, 2019. As of March 13, 2015, we operated 68 Company-owned restaurants, 66 of which are leased properties. Lease terms are between 10- and 20-years, and generally include options to extend the terms. Most of our leases include "exclusive use" provisions prohibiting our landlords from leasing space to other restaurants that fall within certain specified criteria and incorporate incremental increases based on time passage and payment of certain occupancy-related expenses.

We own all of the equipment, furnishings, and fixtures in our restaurants. The Company also owns a significant amount of leasehold improvements in the leased facilities.

As of December 28, 2014, we operated restaurant properties for 35 locations in Michigan, 14 locations in Florida, 13 locations in Indiana, and four locations in Illinois. Our typical BWW restaurants range in size from 5,300 square feet to 13,500 square feet and our typical Bagger Dave's restaurants range in size from 3,800 square feet to 6,100 square feet. The majority of our restaurants are located in end-cap positions in strip malls, with a few being inline; 23 of our restaurants are situated in a stand-alone building.

ITEM 3. LEGAL PROCEEDINGS

Occasionally we are a party to various legal actions arising in the ordinary course of our business including claims resulting from "slip and fall" accidents, employment related claims and claims from guests or team members alleging illness, injury or other food quality, health or operational concerns. These types of litigation, most of which are covered by insurance, have not had a material effect on the Company, and as of the date of this Annual Report, we are not a party to any material pending legal proceedings and are not aware of any claims that could have a materially adverse effect on our financial position, results of operations or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

The Company's common stock is listed on the NASDAQ Capital Market under the symbol "BAGR". Prior to April 23, 2013, the date of our follow-on offering, our common stock was traded on the OTCQB where there was a history of minimal trading and relatively inactive public market for our stock.

The following table sets forth the high and low bid quotations for our common stock for the fiscal years ended December 28, 2014 and December 29, 2013 as reported by NASDAQ and OTCQB:

	2014		2013	
	High	Low	High	Low
First Quarter	\$ 5.85	\$ 4.42	\$ 4.11	\$ 3.95
Second Quarter	5.50	3.99	8.31	4.00
Third Quarter	5.00	4.19	8.24	6.03
Fourth Quarter	5.42	4.61	7.90	4.77

Trading during Q1 2013 were very limited and sporadic while our stock was traded on the OTCQB. These bid prices reflect inter-dealer prices, without retail mark ups or mark downs or commissions and may not represent actual transactions.

Holders

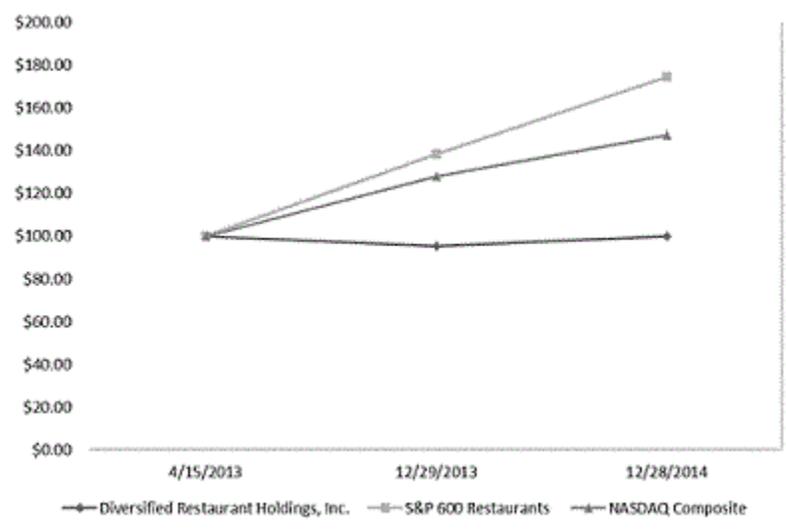
As of March 6, 2015, there were approximately 457 record holders of 26,187,199 shares of the Company's common stock, excluding shareholders whose stock is held either in nominee name and/or street name brokerage accounts.

Dividends

We have not declared or paid any cash dividends on our common stock. It is our policy to preserve cash for development and other working capital needs. Currently, DRH does not have plans to pay any cash dividends. Our future dividend policy will be determined by our Board of Directors and will depend on various factors, including our results of operations, financial condition, anticipated cash needs, and plans for expansion.

Performance Graph

The following graph compares the cumulative total stockholder return from April 15, 2013 through December 28, 2014. The graph below shows the cumulative total stockholder return assuming the investment of \$100 on the date specified (assuming reinvestment of dividends) in each of DRH common stock, the NASDAQ Composite Index and S&P 600 Restaurants Index. The comparisons in the graph below are based upon historical data and are not indicative of, or intended to forecast, future performance of our common stock.



	4/15/2013	12/29/2013	12/28/2014
Diversified Restaurant Holdings, Inc.	\$100.00	\$95.40	\$99.80
S&P 600 Restaurants	100.00	138.17	174.54
NASDAQ Composite	100.00	127.93	147.24

Equity Compensation Plan Information

The following table sets forth information, as of December 28, 2014, with respect to compensation plans (including individual compensation arrangements) under which our equity securities are authorized for issuance, aggregated as follows:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders ¹	-	N/A	544,102
Equity compensation plans not approved by security holders ²	210,000	\$ 2.50	N/A

¹ In 2011, our Board of Directors and Stockholders approved the Stock Incentive Plan of 2011 (the "2011 Incentive Plan") authorizing the grant of equity-based incentives to employees. The 2011 Incentive Plan permits the grant and award of 750,000 shares of common stock by way of stock options and/or restricted stock.

² On July 31, 2010, the Company granted options for the purchase of 210,000 shares of common stock to the directors of the Company. These options vest ratably over a three-year period and expire six years from issuance. The options can be exercised at a price of \$2.50 per share.

ITEM 6. SELECTED FINANCIAL DATA

The following selected consolidated financial and operating data for each of the five fiscal years and are derived from our audited consolidated financial statements. The following data should be read in conjunction with Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, and our audited financial statements included in Item 8, Consolidated Financial Statements and Supplementary Data, within this Form 10-K. Historical results are not necessarily indicative of future performance. .

	Twelve months ended				
	December 28 2014	December 29 2013	December 30 2012	December 25 2011	December 26 2010
Statements of Operations:					
Revenue	\$ 128,413,448	\$ 108,886,139	\$ 77,447,208	\$ 60,707,475	\$ 45,248,018
Operating profit (loss)	(642,280)	1,440,277	1,581,243	3,600,163	1,606,363
Net income (loss) attributable to DRH	(1,268,497)	134,308	180,099	1,842,186	167,854
Per Share:					
Basic earnings (loss) per share	\$ (0.05)	\$ 0.01	\$ 0.01	\$ 0.10	\$ 0.01
Diluted earnings (loss) per share	\$ (0.05)	\$ 0.01	\$ 0.01	\$ 0.10	\$ 0.01
Weighted average of common shares					
Basic	26,092,919	23,937,188	18,949,556	18,902,782	18,871,879
Diluted	26,092,919	24,058,072	19,091,849	19,055,500	19,052,969
Balance Sheet:					
Goodwill	\$ 10,998,630	\$ 8,578,776	\$ 8,578,776	\$ -	\$ -
Total assets	113,447,034	92,333,733	56,544,738	27,350,399	22,354,392
Total long term obligations	60,569,814	42,554,789	42,106,583	19,205,371	17,926,317
Statement of Cash Flows:					
Cash flows provided by (used in)					
Operating activities	\$ 11,295,253	\$ 7,180,971	\$ 7,592,621	\$ 6,577,016	\$ 4,548,762
Investing activities	(17,469,345)	(33,950,993)	(31,228,585)	(8,215,522)	(5,844,883)
Financing activities	15,299,900	33,632,167	24,798,795	1,817,622	994,403

The Company utilizes a 52- or 53-week accounting period that ends on the last Sunday in December. Fiscal year 2014 ended on December 28, 2014 and comprised 52 weeks, fiscal year 2013 ended on December 29, 2013 and comprised 52 weeks, and fiscal year 2012 ended December 30, 2012 and comprised 53 weeks.

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

The following discussion and analysis of our financial condition should be read in conjunction with our consolidated financial statements and the related notes to those statements included elsewhere in this document. The following discussion contains, in addition to historical information, forward-looking statements that include risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under the heading "Risk Factors" and elsewhere in this document.

Overview

DRH is a fast-growing, multi-concept restaurant company operating two complementary concepts: Bagger Dave's and BWW. As the developer, operator and franchisor of Bagger Dave's and one of the largest franchisees of BWLD, we provide a unique guest experience in a casual and inviting environment. We are committed to providing value to our guests through offering generous portions of flavorful food in an upbeat and entertaining atmosphere. We believe Bagger Dave's and BWW are uniquely positioned restaurant brands designed to maximize guest appeal. Both restaurant concepts offer competitive price points and a family-friendly atmosphere, which we believe enables strong performance through economic cycles. We were incorporated in 2006 and are headquartered in the Detroit metropolitan area. Currently, we have 68 locations in Florida, Illinois, Indiana, and Michigan.

Our Growth Strategies and Outlook

Our multi-layered strategy is comprised of the following key growth components:

- pursue disciplined restaurant growth through a combination of both organic expansion and strategic acquisitions;
- deliver comparable restaurant sales growth by providing our guest with an exceptional experience and executing effective marketing and advertising strategies; and
- leverage our infrastructure to grow profit margins

We have an established growth pipeline and a disciplined strategy for opening new restaurants that includes aggressive new unit development for Bagger Dave's and the fulfillment of our current franchise agreement with BWLD by opening an additional eight restaurants in our current markets. We will also evaluate the potential for strategic accretive acquisitions of Buffalo Wild Wings franchises where we have an opportunity to leverage our operational expertise.

We will continue to expand Bagger Dave's throughout the Midwest and our priority will be to open locations in markets where we have existing infrastructure. We will also grow our Buffalo Wild Wings restaurant base under our current ADA. In addition, we believe our historical track record of acquiring and integrating Buffalo Wild Wings restaurants provides us with an additional growth opportunity and will seek to take advantage of strategic acquisitions that may be available in the marketplace.

The Company opened nine new restaurants and acquired three BWW locations in 2014. Over the next three years, we expect to open between 21 and 25 new Bagger Dave's restaurants and ten new DRH-owned BWW restaurants (for additional discussion of our growth strategies and outlook, see the section entitled "Business - Growth Strategy").

Performance Indicators

We use several metrics to evaluate and improve each restaurant's performance that include: sales growth, ticket times, guest satisfaction, hourly compensation costs, and food, beverage, and packaging costs.

We also use the following key performance indicator in evaluating restaurant performance:

- *Comparable Restaurant Sales*. We consider a restaurant to be comparable following the eighteenth month of operations. Changes in comparable restaurant sales reflect changes in sales for the comparable group of restaurants over a specified period of time. Changes in comparable sales can also reflect changes in guest count trends and changes in average check.

Restaurant Openings

The following table outlines the restaurant unit information for each fiscal year from 2010 through 2015. From our inception in 2006, we managed, but did not own, nine BWW restaurants, which we acquired in February 2010.

	2014	2013	2012	2011	2010
Summary of restaurants open at the beginning of year					
DRH-owned BWW	36	33	22	19	7
Bagger Dave's	18	11	6	3	2
BWW Acquisitions / affiliate restaurants under common control	-	-	-	-	9
Total	54	44	28	22	18
Openings:					
DRH-owned BWW	3	3	3	3	3
Bagger Dave's	6	7	5	3	1
BWW Acquisitions	3	-	8	-	-
Closures	-	-	-	-	-
Total restaurants	66	54	44	28	22

Our Fiscal Year

The Company utilizes a 52- or 53-week accounting period that ends on the last Sunday in December. Fiscal year 2014 ended on December 28, 2014 and comprised 52 weeks, fiscal year 2013 ended on December 29, 2013 and comprised 52 weeks, and fiscal year 2012 ended December 30, 2012 and comprised 53 weeks.

Key Financial Definitions

Revenue. Revenue primarily consists of food and beverage sales, and merchandise sales, such as Bagger Dave's Craft Sodas and BWW sauce. Revenue is presented net of discounts, such as management and team member meals, associated with each sale. Revenue in a given period is directly influenced by the number of operating weeks in such period, the number of restaurants we operate, and comparable restaurant sales growth.

Food, Beverage, and Packaging Costs. Food, beverage, and packaging costs consist primarily of food, beverage, packaging, and merchandise-related costs. The components of food, beverage, and packaging costs are variable in nature, change with sales volume, and are subject to increases or decreases based on fluctuations in commodity costs.

Compensation Costs. Compensation costs include restaurant management salaries, front- and back-of-house hourly wages, and restaurant-level manager bonuses, team member benefits, and payroll taxes.

Occupancy Costs. Occupancy costs include rent charges, both fixed and variable, as well as common area maintenance costs, property insurance and taxes, the amortization of tenant allowances, and the adjustment to straight-line rent. These expenses are generally fixed, but a portion may vary with an increase in sales if the lease contains a percentage rent provision.

Other Operating Costs. Other operating costs consist primarily of restaurant-related operating costs, such as supplies, utilities, repairs and maintenance, travel cost, insurance, credit card fees, recruiting, and security. These costs generally increase with sales volume but decline as a percentage of revenue. For DRH-owned BWW restaurants, this expense category also includes franchise royalty and national advertising fund expense.

General and Administrative Expenses. General and administrative expenses include costs associated with corporate and administrative functions that support our operations, including senior and supervisory management and staff compensation costs (including stock-based compensation) and benefits, marketing and advertising expenses, travel, legal and professional fees, information systems, corporate office rent, and other related corporate costs.

Pre-Opening Costs. Restaurant pre-opening costs consist of expenses incurred to open a new restaurant, including manager salaries, relocation costs, supplies, recruiting expenses, initial new market public relations costs, pre-opening activities, team member payroll, and related training costs for new team members. Restaurant pre-opening expenses also include rent recorded during the period between date of possession and the restaurant opening date. In addition, the Company includes restaurant labor cost that exceed the historical average for the first three months of restaurant operations that are attributable to training and initial staff turnover.

Depreciation and Amortization . Depreciation and amortization includes depreciation on fixed assets, including equipment and leasehold improvements, and amortization of certain intangible assets for restaurants.

Interest Expense . Interest expense consists primarily of interest on our outstanding indebtedness and the amortization of our debt issuance costs, reduced by capitalized interest.

RESULTS OF OPERATIONS

The following table presents the consolidated statements of operations for the fiscal years ended December 28, 2014, December 29, 2013, and December 30, 2012 with each line item in dollars and as a percentage of revenue.

	Fiscal Years-Ended		
	2014	2013	2012
Total revenue	100.0%	100.0%	100.0%
Operating expenses			
Food, beverage, and packaging costs	28.9%	30.0%	31.1%
Compensation costs	26.0%	25.8%	25.1%
Occupancy costs	5.6%	5.9%	5.5%
Other operating costs	21.2%	19.9%	19.4%
General and administrative expenses	6.8%	6.7%	8.5%
Pre-opening costs	2.7%	3.0%	2.3%
Depreciation and amortization	8.5%	7.3%	5.9%
Loss on disposal of property and equipment	0.8%	0.1%	0.1%
Total operating expenses	100.5%	98.7%	98.0%
Operating profit (loss)	(0.5) %	1.3%	2.0%
Interest expense	(1.8) %	(1.6) %	(1.7) %
Other income, net	0.0%	0.2%	0.0%
Income (loss) before income taxes	(2.3) %	(0.1) %	0.3%
Income tax provision (benefit)	(1.3) %	(0.2)%	0.0%
Net income	(1.0) %	0.1%	0.3%
Less: (Income) attributable to noncontrolling interest	0.0%	0.0%	(0.1) %
Net income attributable to DRH	<u>(1.0) %</u>	<u>0.1%</u>	<u>0.2%</u>

FISCAL YEAR 2014 COMPARED WITH FISCAL YEAR 2013

Revenue

Total revenue for Fiscal Year 2014 was \$128.4 million, an increase of \$19.5 million, or 17.9%, over revenue generated during Fiscal Year 2013. The increase was attributable to increased same store sales, acquisition of three BWW restaurants, and the opening of nine DRH-owned restaurants (six Bagger Dave's and three BWW restaurants). \$3.4 million of the increase was attributable to 3.5% same store sales increase for 37 BWW and 12 Bagger Dave's restaurants. \$3.1 million of the increase in sales was attributable to the acquisition of three BWW restaurants on June 30, 2014. The remaining \$13.0 million increase is a result of restaurants opening within the last 18-months, including 12 Bagger

Dave's and five BWW restaurants. Breaking down our same store sales increase of 3.5% into components, 3.4% was attributable to price increases from winter and fall menu rollouts and 0.1% was attributable to increased traffic in our comparable locations.

Operating Expenses

Food, beverage, and packaging costs increased by \$4.3 million, or 13.3%, to \$37.1 million in Fiscal Year 2014 from \$32.7 million in Fiscal Year 2013 as a result of the increase in the number of restaurants and inflationary factors. Food, beverage, and packaging cost as a percentage of sales decreased to 28.9% in Fiscal Year 2014 from 30.0% in Fiscal Year 2013 primarily due to lower bone-in chicken wing costs. Average cost per pound for bone-in chicken wings decreased 13.1% to \$1.53 in Fiscal Year 2014 from \$1.76 in Fiscal Year 2013.

Compensation costs increased by \$5.2 million, or 18.7%, to \$33.3 million in Fiscal Year 2014 from \$28.1 million in Fiscal Year 2013. The increase was primarily due to the increase in number of restaurants operating in 2014. Nine new restaurants were opened and three restaurants were acquired in Fiscal Year 2014. Compensation cost as a percentage of sales increased to 26.0% in Fiscal Year 2014 from 25.8% in Fiscal Year 2013.

Occupancy costs increased by \$0.8 million, or 12.9%, to \$7.2 million in Fiscal Year 2014 from \$6.4 million in Fiscal Year 2013 primarily due to the increase in the number of restaurants operating in 2014, including the acquisition of three BWB restaurants. Occupancy cost as a percentage of sales decreased to 5.6% in Fiscal Year 2014 from 5.9% in Fiscal Year 2013 due to the increase of purchased real estate versus leasing of property in late fiscal 2013 and throughout fiscal 2014. In Fourth Quarter 2014, DRH finalized the sale-leaseback transaction for ten of the twelve Company owned properties, as further discussed in Note 3 of the Consolidated Financial Statements. We expect the impact of this transaction to increase our Fiscal 2015 occupancy cost by approximately 20.0%.

Other operating costs increased by \$5.5 million, or 25.6%, to \$27.2 million in Fiscal Year 2014 from \$21.7 million in Fiscal Year 2013 primarily due to the increase in the number of restaurants operating in 2014. Other operating cost as a percentage of sales increased to 21.2% in Fiscal Year 2014 from 19.9% in Fiscal Year 2013 due to implementing new information technology initiatives as well as increase in third party costs for hiring and accounts payable processing.

General and administrative expenses increased by \$1.5 million, or 20.9%, to \$8.8 million in Fiscal Year 2014 from \$7.3 million in Fiscal Year 2013 due to additional hiring of support staff for our on-going growth, increased professional fees, a result of the Florida BWB acquisition, and increased marketing which historically ranges between 2.0% to 2.2% of sales. General and administrative costs as a percentage of sales increased to 6.8% in Fiscal Year 2014 from 6.7% in Fiscal Year 2013.

Pre-opening costs increased by \$0.3 million, or 7.5%, to \$3.5 million in Fiscal Year 2014 from \$3.2 million in Fiscal Year 2013. The increase in pre-opening costs was due to the timing and costs to open new restaurants during Fiscal Year 2014. The Company had nine new restaurant openings and two relocations in Fiscal Year 2014 versus ten new restaurant openings and one relocation openings in Fiscal Year 2013. As a percentage of sales, pre-opening costs decreased to 2.7% in Fiscal Year 2014 from 3.0% in Fiscal Year 2013.

Depreciation and amortization increased by \$3.0 million, or 37.4%, to \$11.0 million in Fiscal Year 2014 from \$8.0 million in Fiscal Year 2013 primarily due to the increase in the total number of restaurants operating in 2014. Depreciation and amortization as a percentage of sales increased to 8.5% in Fiscal Year 2014 from 7.3% in Fiscal Year 2013 due to the increased investment in ground-up development of the restaurants.

Loss on disposal of property and equipment increased by \$0.9 million, or 942.3%, to \$1.0 million in Fiscal Year 2014 from \$0.1 million in Fiscal Year 2013. The increase was primarily due to a \$0.5 million loss from our sale-leaseback transaction and \$0.4 million of which was a direct consequence of transitioning all of our locations to a new point of sale system. Loss on disposal of property and equipment as a percentage of sales, increased to 0.8% in Fiscal Year 2014 from 0.1% in Fiscal Year 2013.

Interest and Taxes

Interest expense was \$2.3 million and \$1.7 million during the years ended December 28, 2014 and December 29, 2013, respectively. The increase is associated with the \$77.0 million senior secured credit facility with RBS Citizens, N.A. ("RBS"), which was effective December 16, 2014 and includes the write-off of loan fees of \$0.3 million. Increased borrowings for new restaurant development in 2014 was also a contributing factor.

In Fiscal Year 2014, we recorded an income tax benefit of \$1.7 million compared with Fiscal Year 2013, when we recorded an income tax benefit of \$0.3 million. The increase in the benefit is primarily due to the increased pre-tax loss and the increased tip credits.

FISCAL YEAR 2013 COMPARED WITH FISCAL YEAR 2012

Revenue

Total revenue for Fiscal Year 2013 was \$108.9 million, an increase of \$31.4 million, or 40.6%, over revenue generated during Fiscal Year 2012. The increase was attributable to \$14.9 million from newer restaurants not meeting the criteria for same store sales, 11 of which opened in 2013 (seven Bagger Dave's restaurants and four BWW restaurants), \$13.4 million in sales from the acquisition of eight BWW locations in late September 2012, and \$3.1 million from same store sales growth. Same store sales are defined as the year-over-year change in restaurant sales and are only applicable for restaurants that have operated for at least eighteen months.

Operating Expenses

Food, beverage, and packaging costs increased by \$8.6 million, or 35.7%, to \$32.7 million in Fiscal Year 2013 from \$24.1 million in Fiscal Year 2012 as a result of the increase in the number of restaurants and inflationary factors. Food, beverage, and packaging cost as a percentage of sales decreased to 30.0% in Fiscal Year 2013 from 31.1% in Fiscal Year 2012 primarily due to lower bone-in chicken wing costs. Average cost per pound for bone-in chicken wings decreased 10.7% to \$1.76 in Fiscal Year 2013 from \$1.97 in Fiscal Year 2012.

Compensation costs increased by \$8.7 million, or 44.5%, to \$28.1 million in Fiscal Year 2013 from \$19.4 million in Fiscal Year 2012. The increase was primarily due to the increase in staffing required for 10 new restaurants and eight acquired restaurants. Compensation costs as a percentage of sales increased from 25.1% for Fiscal Year 2012 to 25.8% in Fiscal Year 2013 primarily due to a buildup of restaurant management labor necessary to effectively open a greater number of restaurants.

Occupancy costs increased by \$2.1 million, or 48.7%, to \$6.4 million in Fiscal Year 2013 from \$4.3 million in Fiscal Year 2012 primarily due to the increase in the number of restaurants. Occupancy cost as a percentage of sales increased to 5.9% in Fiscal Year 2013 from 5.5% in Fiscal Year 2012.

Other operating costs increased by \$6.7 million, or 44.4%, to \$21.7 million in Fiscal Year 2013 from \$15.0 million in Fiscal Year 2012 primarily due to the increase in the number of restaurants. Other operating costs as a percentage of sales increased to 19.9% in Fiscal Year 2013 from 19.4% in Fiscal Year 2012.

General and administrative expenses increased by \$0.7 million, up 10.4%, to \$7.3 million in Fiscal Year 2013 from \$6.6 million in Fiscal Year 2012 due to increased marketing and advertising costs demanded by the increase in the number of new restaurants, enhancements to the corporate staff to support the Company's growth plans, and non-recurring costs. General and administrative cost as a percentage of sales decreased to 6.7% in Fiscal Year 2013 from 8.5% in Fiscal Year 2012 due to the favorable leverage of general and administrative expenses over an expanded revenue base.

Pre-opening costs increased by \$1.4 million, or 80.2%, to \$3.2 million in Fiscal Year 2013 from \$1.8 million in Fiscal Year 2012. The increase in pre-opening costs was due to the timing and costs to open new restaurants during Fiscal Year 2013. The Company had 10 new restaurant openings and one relocation in Fiscal Year 2013 versus eight restaurant openings in Fiscal Year 2012. As a percentage of sales, pre-opening costs increased to 3.0% in Fiscal Year 2013 from 2.3% in Fiscal Year 2012. The increase in percent of sales is a consequence of the increased number of new restaurant openings and an increased average pre-opening cost per restaurant primarily due to our two downtown locations - Detroit, Michigan Bagger Dave's and Chicago, Illinois BWW.

Depreciation and amortization increased by \$3.4 million, or 73.8%, to \$8.0 million in Fiscal Year 2013 from \$4.6 million in Fiscal Year 2012 primarily due to the increase in the total number of restaurants and larger percentage of stand-alone buildings which require significantly more capital (vs. leasing). Depreciation and amortization as a percentage of sales increased slightly to 7.3% in Fiscal Year 2013 from 5.9% in Fiscal Year 2012.

Loss on disposal of property and equipment increased by \$31,465, or 166.5%, to \$98,162 in Fiscal Year 2013 from \$36,833 in Fiscal Year 2012. The increase was primarily due to the Fiscal Year 2013 voluntary renovations, which resulted in the disposal of assets that were not yet fully depreciated. Loss on disposal of property and equipment as a percentage of sales was 0.1% for both Fiscal Year 2013 and Fiscal Year 2012.

Interest and Taxes

Interest expense was \$1.7 million and \$1.3 million during the years ended December 29, 2013 and December 30, 2012, respectively. Interest expense increased due to an increase in debt used for new restaurant development.

In Fiscal Year 2013, we recorded an income tax benefit of \$261,450 compared with Fiscal Year 2012, when we recorded an income tax benefit of \$167. The increase in the benefit is primarily due to increased tip credits in 2013.

LIQUIDITY AND CAPITAL RESOURCES; EXPANSION PLANS

On December 16, 2014, the Company entered into a \$77.0 million senior secured credit facility with RBS (the “December 2014 Senior Secured Credit Facility”). The December 2014 Senior Secured Credit Facility consist of a \$56.0 million term loan (the “December 2014 Term Loan”), a \$20.0 million development line of credit (the “December 2014 DLOC”), and a \$1.0 million revolving line of credit (the “December 2014 RLOC”). The Company used approximately \$35.5 million of the December 2014 Term Loan to refinance existing outstanding debt with RBS and used approximately \$20.0 million of the December 2014 Term Loan to refinance and term out the outstanding balance of the existing development line of credit loan between the Company and RBS. The remaining balance of the December 2014 Term Loan, approximately \$0.5 million, was used to pay the fees, costs, and expenses associated with the closing of the December 2014 Senior Secured Credit Facility. The December 2014 Term Loan is for a period of five years. Payments of principal are based upon an 84-month straight-line amortization schedule, with monthly principal payments of \$666,667 plus accrued interest. The interest rate for the December 2014 Term Loan is LIBOR plus an applicable margin, which ranges from 2.25% to 3.15%, depending on the lease adjusted leverage ratio defined in the terms of the agreement. The entire remaining outstanding principal and accrued interest on the December 2014 Term Loan is due and payable on the maturity date of December 16, 2019. The December 2014 DLOC is for a term of two years and is convertible upon maturity into a term note based on the terms of the loan agreement at which time monthly principal payments will be due on a 84-month straight-line amortization schedule, plus interest through maturity on December 16, 2019. The December 2014 RLOC is for a term of two years and no amount was outstanding as of December 28, 2014.

We believe the cash flow from operations, the remaining proceeds from the registered offering, proceeds from the sale-lease-back agreement of \$24.6 million, and availability of credit will be sufficient to meet our operational funding, development, and obligations for at least the next 12 months.

Our capital requirements are primarily dependent upon the pace of our new restaurant growth plan. The new restaurant growth plan is primarily dependent upon economic conditions, the real estate market, and resources to both develop and operate new restaurants. In addition to new restaurants, our capital expenditure outlays are also dependent on costs for maintenance, facility upgrades, capacity enhancements, information technology, and other general corporate capital expenditures.

The amount of capital required to open a new restaurant is largely dependent on whether we build-out an existing leased space or build from the ground up. Our preference is to find leased space for new restaurant locations but depending on the availability of real estate in specific markets, we will take advantage of alternative strategies which may include land purchases, land leases, and ground up construction of a building to house our restaurant operation. Excluding land and building, we expect the build-out of a new Bagger Dave’s restaurant will, on average, require a total cash investment of \$1.1 million to \$1.4 million (excluding potential tenant incentives). Similarly, we expect the build-out of a new DRH-owned BWW restaurant will require an estimated cash investment of \$1.9 million to \$2.1 million (excluding potential tenant incentives). We expect to spend approximately \$225,000 to \$275,000 per restaurant for pre-opening expenses. Depending on individual lease negotiations, we may receive cash tenant incentives of up to \$400,000. The projected cash investment per restaurant is based on recent opening costs and future projections and may fluctuate based on construction costs specific to new restaurant locations.

We target a cash on cash return on our initial total capital investment of less than four years. The expected payback is subject to how quickly we reach our target sales volume and the cost of construction.

Cash flow from operations for fiscal 2014, 2013, 2012 was \$11.3 million, \$7.2 million, and \$7.6 million. Net cash provided by operating activities consisted primarily of net earnings adjusted for non-cash expenses.

Opening new restaurants, including real estate investments, is our primary use of capital and is estimated to be over 80.0% of our capital expenditures in 2015. For 2015, we estimate capital expenditures to be between \$35.0 million and \$40.0 million. We plan to use the capital as follows: one half for new restaurant openings, currently one Bagger Dave's and one DRH-owned BWW are under construction; one third for real estate (including the purchase of land and construction of buildings) associated with new restaurant openings; and the remaining for restaurant remodels, upgrades, relocations and other general corporate purposes

Although investments in new restaurants are an integral part of our strategic and capital expenditures plan, we also believe that reinvesting in existing restaurants is an important factor and necessary to maintain the overall positive dining experience for our guests. Depending on the age of the existing restaurants, upgrades range from \$50,000 (for minor interior refreshes) to \$900,000 (for a full remodel of the restaurant). Restaurants are typically upgraded after approximately five to seven years of operation and fully remodeled after approximately 10 years of operation.

Contractual Obligations

The following table presents a summary of our contractual obligations as of December 28, 2014:

	Total	Less than one year	1 - 3 years	3 - 5 years	After 5 years
Long-term debt ¹	\$ 61,768,399	\$ 8,155,903	\$ 17,870,832	\$ 35,741,664	\$ -
Operating lease obligations	71,714,786	7,555,779	14,390,060	13,178,660	36,590,287
Commitments for restaurants under development ²	21,337,296	9,799,380	2,194,506	2,201,258	7,142,152
	<u>\$ 154,820,481</u>	<u>\$ 25,511,062</u>	<u>\$ 34,455,398</u>	<u>\$ 51,121,582</u>	<u>\$ 43,732,439</u>

¹ Amount represents the expected principal cash payments relating to our long-term debt and do not include any fair value adjustments or discounts/premiums or interest rate payments due to the variable of the rates. See Note 8 for additional details.

² Amount represents capital expenditures DRH is obligated to pay for restaurants under development in addition to noncancelable operating leases for these restaurants.

Mandatory Upgrades

In fiscal year 2014, we completed two mandatory remodels of existing DRH-owned BWW restaurant, which was funded with cash from operations. We have four mandatory remodels for DRH-owned BWW locations in 2015, which will also be funded with cash from operations.

Discretionary Upgrades and Relocations

In fiscal year 2014, the Company invested additional capital to provide minor upgrades to a number of its existing locations, all of which were funded by cash from operations. These improvements primarily consisted of new carpentry, audio/visual equipment upgrades, patio upgrades, and point-of-sale system upgrades. In fiscal year 2014, we relocated two DRH-owned BWW locations in lieu of remodels; the relocations occurred in second quarter 2014. The decision to relocate is typically driven by timing of our current lease agreements and the availability of real estate that we deem to be a better long-term investment. Relocations are funded by a combination of cash from operations and borrowing from our credit facility.

OFF-BALANCE SHEET ARRANGEMENTS

The Company assumed, from a related entity, an ADA in which the Company was to open 23 BWW restaurants within its designated "development territory". On December 12, 2008, this agreement was amended, adding nine additional restaurants and extending the date of fulfillment to March 1, 2017. Failure to develop restaurants in accordance with the schedule detailed in the agreement could lead to potential penalties of up to \$50,000 for each undeveloped restaurant, payment of the initial franchise fees for each undeveloped restaurant, and loss of rights to development territory. As of December 28, 2014, 24 of the required 32 ADA restaurants had been opened for business. We remain on track to fulfill our obligation under the amended ADA, and we expect to operate a total of 52 BWW by the end of 2017, exclusive of potential acquisitions of additional BWW restaurants.

Impact of Inflation

Our profitability is dependent, among other things, on our ability to anticipate and react to changes in the costs of key operating resources, including food and other raw materials, labor, energy, and other supplies and services. Substantial increases in costs and expenses could impact our operating results to the extent that such increases cannot be passed along to our restaurant guests. The impact of inflation on food, labor, energy, and occupancy costs can significantly affect the profitability of our restaurant operations.

All of our restaurant staff members are paid hourly rates related to the federal minimum wage. Certain operating costs, such as taxes, insurance, and other outside services continue to increase with the general level of inflation or higher and may also be subject to other cost and supply fluctuations outside of our control.

While we have been able to partially offset inflation and other changes in the costs of key operating resources by gradually increasing prices for our menu items, more efficient purchasing practices, productivity improvements, and greater economies of scale, there can be no assurance that we will be able to continue to do so in the future. From time to time, competitive conditions could limit our menu pricing flexibility. In addition, macroeconomic conditions could make additional menu price increases imprudent. There can be no assurance that all future cost increases can be offset by increased menu prices or that increased menu prices will be fully absorbed by our restaurant guests without any resulting changes in their visit frequencies or purchasing patterns. There can be no assurance that we will continue to generate increases in comparable restaurant sales in amounts sufficient to offset inflationary or other cost pressures.

Critical Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company. All significant intercompany accounts and transactions have been eliminated upon consolidation.

We consolidate all variable interest entities (“VIE”) where we are the primary beneficiary. For VIEs, we assess whether we are the primary beneficiary as prescribed by the accounting guidance on the consolidation of VIEs. The primary beneficiary of a VIE is the party that has the power to direct the activities that most significantly impact the performance of the entity and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the entity.

Property and Equipment

Property and equipment are recorded at cost. Buildings are depreciated using the straight-line method over the estimated useful life, which is typically 39 years. Equipment and furniture and fixtures are depreciated using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Leasehold improvements, which include the cost of improvements funded by landlord incentives or allowances, are amortized using the straight-line method over the lesser of the term of the lease, with consideration of renewal options if renewals are reasonably assured because failure to renew would result in an economic penalty, or the estimated useful lives of the assets, which is typically 5 - 15 years. Maintenance and repairs are expensed as incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and the related gains or losses are credited or charged to earnings.

The Company capitalizes items associated with construction but not yet placed into service, known as construction in progress (“CIP”). Items capitalized include fees associated with the design, build out, furnishing of the restaurants, leasehold improvements, construction period interest (when applicable), equipment, and furniture and fixtures. Restaurant CIP is not amortized or depreciated until the related assets are placed into service. Items are placed into service according to their asset category when the restaurant is open for service.

Intangible Assets

Amortizable intangible assets consist of franchise fees, trademarks, non-compete agreements, favorable and unfavorable operating leases, and loan fees and are stated at cost, less accumulated amortization. Intangible assets are amortized on a straight-line basis over the estimated useful life as follows: Franchise fees- 10 – 20 years, Trademarks- 15 years, Non-compete- 3 years, Favorable unfavorable and unfavorable leases- over the term of the lease and Loan fees- over the term of the loan.

Impairment of Long-Lived Assets and Definite-Lived Intangible Assets

The Company reviews property and equipment, along with other long-lived assets subject to amortization, for impairment whenever events or changes in circumstances indicate that a potential impairment has occurred. No impairment loss was recognized for years ended December 28, 2014, December 29, 2013 and December 30, 2012.

Liquor licenses, also a component of intangible assets, are deemed to have an indefinite life and, accordingly, are not amortized. Management reviews liquor license assets on an annual basis (at year-end) to determine whether carrying values have been impaired. We identify potential impairments for liquor licenses by comparing the fair value with its carrying amount. If the fair value exceeds the carrying amount, the liquor licenses are not impaired. If the carrying amount exceeds the fair value, an impairment loss is recorded for the difference. If the fair value of the asset is less than the carrying amount, an impairment is recorded. No impairments were recognized in fiscal 2014, 2013 or 2012.

We also review long-lived assets quarterly to determine if triggering events have occurred which would require a test to determine if the carrying amount of these assets may not be recoverable based on estimated future cash flows. Assets are reviewed at the lowest level for which cash flows can be identified, which is at the individual restaurant level. In the absence of extraordinary circumstances, restaurants are included in the impairment analysis after they have been open for two years. We evaluate the recoverability of a restaurant’s long-lived assets, including buildings, intangibles, leasehold improvements, furniture, fixtures, and equipment over the remaining life of the primary asset in the asset group, after considering the potential impact of planned operational improvements, marketing programs, and anticipated changes in the trade area. In determining future cash flows, significant estimates are made by management with respect to future operating results for each restaurant over the remaining life of the primary asset in the asset group. If assets are determined to be impaired, the impairment charge is measured by calculating the amount by which the asset carrying amount exceeds its fair value based on our estimate of discounted future cash flows. The determination of asset fair value is also subject to significant judgment. No impairments were recognized in fiscal 2014, 2013 or 2012. We are currently monitoring several restaurants in regards to the valuation of long-lived assets and have developed plans to improve operating results. Based on our current estimates of the future operating results of these restaurants, we believe that the assets at these restaurants are not impaired. As we periodically refine our estimated future operating results, changes in our estimates and assumptions may cause us to realize impairment charges in the future that could be material.

Goodwill

Goodwill is not amortized and represents the excess of cost over the fair value of identified net assets of businesses acquired. Goodwill is subject to an annual impairment analysis or more frequently if indicators of impairment exist. At December 28, 2014 and December 29, 2013, we had goodwill of \$11.0 million and \$8.6 million that was assigned to our Buffalo Wild Wings reporting unit.

The impairment analysis, if necessary, consists of a two-step process. The first step is to compare the fair value of the reporting unit to its carrying value, including goodwill. We estimate fair value using market information (market approach) and discounted cash flow projections (income approach). The income approach uses the reporting unit's projection of estimated operating results and cash flows that is discounted using a weighted-average cost of capital that reflects market conditions. The projection uses management's best estimates of projected revenue, costs and cash expenditures, including an estimate of new restaurant openings and related capital expenditures. Other significant estimates also include terminal growth rates and working capital requirements. We supplement our estimate of fair value under the income approach by using a market approach which estimates fair value by applying multiples to the reporting unit's projected operating performance. The multiples are derived from comparable publicly traded companies with similar characteristics to the reporting unit. If the fair value of the reporting unit is less than its carrying value, the second step of the impairment analysis must be performed in order to determine the amount of impairment loss, if any. The second step compares the implied fair value of goodwill with the carrying amount of that goodwill. If the carrying amount of the goodwill exceeds its implied fair value, an impairment charge is recognized in an amount equal to that excess. All goodwill was considered recoverable as of December 28, 2014 and December 29, 2013 based on our quantitative analysis.

Investments

The Company's investment securities are classified as available-for-sale. Investments classified as available-for-sale are available to be sold in the future in response to the Company's liquidity needs, changes in market interest rates, tax strategies, and asset-liability management strategies, among other reasons. Available-for-sale securities are reported at fair value, with unrealized gains and losses, net of taxes, reported in the accumulated other comprehensive income (loss) component of stockholders' equity, and accordingly, have no effect on net income. Realized gains or losses on sale of investments are determined on the basis of specific costs of the investments. Dividend income is recognized when declared and interest income is recognized when earned. Discount or premium on debt securities purchased at other than par value are amortized using the effective yield method. See Note 4 for details.

Interest Rate Swap Agreements

The Company utilizes interest rate swap agreements with RBS to fix interest rates on a portion of the Company's portfolio of variable rate debt, which reduces exposure to interest rate fluctuations. Our derivative financial instruments are recorded at fair value on the balance sheet. The effective portion of changes in the fair value of derivatives which qualify for hedge accounting is recorded in other comprehensive income and is recognized in the statement of operations when the hedged item affects earnings. The ineffective portion of the change in fair value of a hedge is recognized in income immediately. The Company does not use any other types of derivative financial instruments to hedge such exposures, nor does it use derivatives for speculative purposes.

The interest rate swap agreements associated with the Company's current debt agreements qualify for hedge accounting. As such, the Company records the change in the fair value of its swap agreements as a component of accumulated other comprehensive income (loss), net of tax. The Company records the fair value of its interest swaps on the Consolidated Balance Sheet in other long-term assets or other liabilities depending on the fair value of the swaps. See Note 8 and Note 15 for additional information on the interest rate swap agreements.

Stock Based Compensation

The Company estimates the fair value of stock option awards utilizing the Black-Scholes pricing model. The fair value of the awards is amortized as compensation expense on a straight-line basis over the requisite service period of the award, which is generally the vesting period. The fair value of restricted shares is equal to the number of restricted shares issued times the Company's stock price on the date of grant and is amortized as compensation expense on a straight-line basis over the service period of the award.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Debt Securities

We are exposed to market risk related to our debt securities. To manage our exposure, we have invested our excess cash in highly liquid short-term investments with maturities of less than one year. The investments are not held for trading or other speculative purposes. See Notes 1, 4, and 15 of our audited consolidated financial statements for additional information.

Interest Rate Risk

As a result of our normal borrowing activities, our operating results are exposed to fluctuations in interest rates. DRH has short-term and long-term debt with both fixed and variable interest rates. The short-term debt comprises the current portion of long-term debt maturing within twelve months from the balance sheet date. Long-term debt includes secured notes payable, one line of credit and a revolving line of credit which is used to finance working capital requirements. To manage our exposure, we have entered into interest rate swap agreements. The derivative instruments are not held for trading or other speculative purposes.

As of December 28, 2014, DRH had \$61.8 million of variable-rate debt with a weighted average interest rate of 2.7%, which approximates fair value. Interest based on the debt agreement is based on one-month LIBOR plus an applicable margin, which ranges from 2.25% to 3.15%, depending on the lease adjusted leverage ratio defined in the terms of the agreement. DRH currently estimates that a 100 basis point fluctuation in LIBOR would result in an approximate \$0.6 million fluctuation in pretax income. See Notes 1, 8 and 15 of our audited consolidated financial statements for additional information.

Inflation

The primary inflationary factors affecting our operations are food, labor, and restaurant operating costs. Substantial increases in these costs could impact operating results to the extent that such increases cannot be passed along through higher menu prices. A large number of our restaurant personnel are paid at rates based on the applicable federal and state minimum wages, and increases in the minimum wage rates and tip-credit wage rates could directly affect our labor costs. Many of our leases require us to pay taxes, maintenance, repairs, insurance, and utilities, all of which are generally subject to inflationary increases.

Commodity Price Risk

Many of the food products purchased by us are affected by weather, production, availability, and other factors outside our control. We believe almost all of our food and supplies are available from several sources, which helps to control food product risks. Our purchasing department for Bagger Dave's negotiates directly with our independent suppliers for our supply of food and paper products. As negotiated by BWLD, our DRH-owned BWW restaurants have a distribution contract with a BWLD selected vendor for our supply of food, paper, and non-food products. We have minimum purchase requirements with some of our vendors, but the terms of the contracts and our historical use of the products are such that we believe these minimum purchase requirements do not create a material market risk. One of the primary food products used by our BWW restaurants is chicken wings. We work to counteract the effect of the volatility of chicken wing prices, which can significantly change our cost of sales and cash flow, with the introduction of new menu items, effective marketing promotions, focused efforts on food costs and waste, and menu price increases. We also explore purchasing strategies to reduce the severity of cost increases and fluctuations. For the periods ended December 28, 2014 and December 29, 2013 chicken wings accounted for approximately 29.7% and 33.6%, with an average price per pound of \$1.53 and \$1.76, respectively.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements, Notes to Consolidated Financial Statements, and the Report of Independent Registered Accounting Firm are included at pages 36 through 63 of this Annual Report and are incorporated herein by reference.

DIVERSIFIED RESTAURANT HOLDINGS, INC.

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Diversified Restaurant Holdings, Inc. and Subsidiaries
Southfield, Michigan

We have audited the accompanying consolidated balance sheets of Diversified Restaurant Holdings, Inc. and Subsidiaries as of December 28, 2014 and December 29, 2013 and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the three fiscal years in the period ended December 28, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. 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 Diversified Restaurant Holdings, Inc. and Subsidiaries at December 28, 2014 and December 29, 2013, and the results of its operations and its cash flows for each of the three fiscal years in the period ended December 28, 2014, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Diversified Restaurant Holdings, Inc. and Subsidiaries' internal control over financial reporting as of December 28, 2014, based on criteria established in Internal Control – Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 13, 2015 expressed an adverse opinion thereon.

/s/ BDO USA, LLP

Troy, Michigan
March 13, 2015

March 13, 2015

**REPORT BY DIVERSIFIED RESTAURANT HOLDINGS, INC.'S MANAGEMENT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management is responsible for establishing and maintaining an effective system of internal control over financial reporting that is designed to produce reliable financial statements presented in conformity with generally accepted accounting principles. There are inherent limitations in the effectiveness of any system of internal control. Accordingly, even an effective system of internal control can provide only reasonable assurance with respect to financial statement preparation.

Management assessed the Company's system of internal control over financial reporting that is designed to produce reliable financial statements presented in conformity with generally accepted accounting principles as of December 28, 2014. This assessment was based on criteria for effective internal control over financial reporting described in *Internal Control — Integrated Framework* (1992 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, and the material weakness described below, management believes that, as of December 28, 2014, our system of internal control over financial reporting was not effective based on those criteria.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Our management has determined that our internal control related to financial reporting was not effective to ensure the effective design of internal control and that an effective evaluation and review of complex accounting matters had occurred prior to presentation to our external auditors. Specifically, our initial evaluation of long-lived assets for potential impairment was not sufficient under generally accepted accounting principles. Further, our evaluation of the accounting for modifications made under our borrowing arrangements reached an incorrect conclusion and we did not adequately evaluate the realization of our deferred tax assets. While we do not believe that this affected the accuracy of our financial statements included in the Annual Report on Form 10-K, this control deficiency could result in a material misstatement of the financial statements that would not be prevented or detected. Accordingly, our management, after discussion with our registered independent accounting firm, has concluded that this control deficiency constitutes a material weakness. This material weakness was identified in connection with our assessment of the effectiveness of internal control over financial reporting as of December 28, 2014, and has not yet been remediated. However, our management team has reviewed and discussed the identified material weakness with the Audit Committee and is in the process of developing and implementing an action plan to resolve it.

The Company's independent auditors have issued an audit report on the effectiveness of the Company's internal control over financial reporting as found on page 67.

Diversified Restaurant Holdings, Inc.

/s/ T. Michael Ansley

T. Michael Ansley

Chairman of the Board, President, Chief Executive
Officer, and Principal Executive Officer

/s/ David G. Burke

David G. Burke

Chief Financial Officer, Treasurer, Principal
Financial Officer, and Principal Accounting Officer

DIVERSIFIED RESTAURANT HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 28 2014	December 29 2013
ASSETS		
Current assets		
Cash and cash equivalents	\$ 18,688,281	\$ 9,562,473
Investments	2,917,232	8,561,598
Accounts receivable	1,417,510	1,248,940
Inventory	1,335,774	1,017,626
Prepaid assets	397,715	555,144
Total current assets	24,756,512	20,945,781
Deferred income taxes	2,960,640	1,162,761
Property and equipment, net	71,508,950	58,576,734
Intangible assets, net	2,916,498	2,948,013
Goodwill	10,998,630	8,578,776
Other long-term assets	305,804	121,668
Total assets	\$ 113,447,034	\$ 92,333,733
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 7,043,143	\$ 4,416,092
Accrued compensation	2,786,830	2,060,082
Other accrued liabilities	1,357,510	809,104
Current portion of long-term debt	8,155,903	8,225,732
Current portion of deferred rent	377,812	306,371
Total current liabilities	19,721,198	15,817,381
Deferred rent, less current portion	3,051,445	3,420,574
Unfavorable operating leases	693,497	759,065
Other liabilities	3,212,376	327,561
Long-term debt, less current portion	53,612,496	38,047,589
Total liabilities	80,291,012	58,372,170
Commitments and contingencies (Notes 11 and 12)		
Stockholders' equity		
Common stock - \$0.0001 par value; 100,000,000 shares authorized; 26,149,824 and 26,049,578, respectively, issued and outstanding	2,582	2,580
Additional paid-in capital	35,668,001	35,275,255
Accumulated other comprehensive loss	(175,156)	(245,364)
Accumulated deficit	(2,339,405)	(1,070,908)
Total stockholders' equity	33,156,022	33,961,563
Total liabilities and stockholders' equity	\$ 113,447,034	\$ 92,333,733

See accompanying notes to consolidated financial statements.

DIVERSIFIED RESTAURANT HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Twelve Months Ended		
	December 28	December 29	December 30
	2014	2013	2012
Revenue	\$ 128,413,448	\$ 108,886,139	\$ 77,447,208
Operating expenses			
Restaurant operating costs (exclusive of depreciation and amortization shown separately below):			
Food, beverage, and packaging	37,058,821	32,719,254	24,117,399
Compensation costs	33,337,000	28,096,721	19,448,210
Occupancy	7,205,420	6,381,052	4,289,966
Other operating costs	27,214,208	21,675,473	15,008,171
General and administrative expenses	8,786,520	7,270,597	6,585,908
Pre-opening costs	3,473,664	3,230,122	1,792,168
Depreciation and amortization	10,956,951	7,974,481	4,587,310
Loss on disposal of property and equipment	1,023,144	98,162	36,833
Total operating expenses	129,055,728	107,445,862	75,865,965
Operating profit (loss)	(642,280)	1,440,277	1,581,243
Change in fair value of derivative instruments	-	-	(43,361)
Interest expense	(2,274,041)	(1,718,711)	(1,282,991)
Other income (expense), net	(58,912)	151,292	20,081
Income (loss) before income taxes	(2,975,233)	(127,142)	274,972
Income tax benefit	(1,706,736)	(261,450)	(167)
Net income (loss)	(1,268,497)	134,308	275,139
Less: (Income) attributable to noncontrolling interest	-	-	(95,040)
Net income (loss) attributable to DRH	\$ (1,268,497)	\$ 134,308	\$ 180,099
Basic earnings per share	\$ (0.05)	\$ 0.01	\$ 0.01
Fully diluted earnings per share	\$ (0.05)	\$ 0.01	\$ 0.01
Weighted average number of common shares outstanding			
Basic	26,092,919	23,937,188	18,949,556
Diluted	26,092,919	24,058,072	19,091,849

See accompanying notes to consolidated financial statements.

DIVERSIFIED RESTAURANT HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Twelve Months Ended		
	December 28 2014	December 29 2013	December 30 2012
Net income (loss)	\$ (1,268,497)	\$ 134,308	\$ 275,139
Other comprehensive income (loss)			
Unrealized changes in fair value of interest rate swaps, net of tax of \$23,097, \$35,084 and \$146,457.	44,836	68,106	(284,294)
Unrealized changes in fair value of investments, net of tax of \$13,071, \$15,030 and \$0.	25,372	(29,176)	-
Total other comprehensive income (loss)	70,208	38,930	(284,294)
Comprehensive income (loss)	(1,198,289)	173,238	(9,155)
Less: Comprehensive (income) attributable to noncontrolling interest	-	-	(95,040)
Comprehensive income (loss) attributable to DRH	\$ (1,198,289)	\$ 173,238	\$ (104,195)

See accompanying notes to consolidated financial statements.

DIVERSIFIED RESTAURANT HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings (Accumulated Deficit)	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount					
Balances - December 25, 2011	18,936,400	\$ 1,888	\$ 2,771,077	\$ -	\$ (1,253,831)	\$ 385,485	\$ 1,904,619
Issuance of restricted shares	28,800	-	-	-	-	-	-
Forfeitures of restricted shares	(13,500)	-	-	-	-	-	-
Share-based compensation	-	-	220,449	-	-	-	220,449
Distributions from noncontrolling interest	-	-	-	-	-	(40,000)	(40,000)
Elimination of noncontrolling interest	-	-	-	-	440,525	(440,525)	-
Cash paid in excess of book value of noncontrolling interest, net of taxes	-	-	-	-	(572,009)	-	(572,009)
Other comprehensive loss	-	-	-	(284,294)	-	-	(284,294)
Net income	-	-	-	-	180,099	95,040	275,139
Balances - December 30, 2012	18,951,700	\$ 1,888	\$ 2,991,526	\$ (284,294)	\$ (1,205,216)	\$ -	\$ 1,503,904
Issuance of restricted shares	145,575	-	-	-	-	-	-
Forfeitures of restricted shares	(57,108)	-	-	-	-	-	-
Sale of common stock from follow-on public offering, net of fees and expenses	6,900,000	690	31,906,990	-	-	-	31,907,680
Stock options exercised	104,638	2	74,997	-	-	-	74,999
Employee stock purchase plan	4,773	0	23,452	-	-	-	23,452
Share-based compensation	-	-	278,290	-	-	-	278,290
Other comprehensive income	-	-	-	38,930	-	-	38,930
Net income	-	-	-	-	134,308	-	134,308
Balances - December 29, 2013	26,049,578	\$ 2,580	\$35,275,255	\$ (245,364)	\$ (1,070,908)	\$ -	\$ 33,961,563
Issuance of restricted shares	91,966	-	-	-	-	-	-
Forfeitures of restricted shares	(2,735)	-	-	-	-	-	-
Employee stock purchase plan	11,015	2	53,936	-	-	-	53,938
Share-based compensation	-	-	338,810	-	-	-	338,810
Other comprehensive income	-	-	-	70,208	-	-	70,208

Net loss	-	-	-	-	(1,268,497)	-	(1,268,497)
Balances - December 28, 2014	26,149,824	\$ 2,582	\$35,668,001	\$	(175,156)	\$ (2,339,405)	- \$ 33,156,022

See accompanying notes to consolidated financial statements.

DIVERSIFIED RESTAURANT HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Twelve Months Ended		
	December 28 2014	December 29 2013	December 30 2012
Cash flows from operating activities			
Net income (loss)	\$ (1,268,497)	\$ 134,308	\$ 275,139
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation and amortization	10,956,951	7,974,481	4,587,310
Loan fees and other amortization	331,650	76,407	141,329
Realized loss on sale of investments	33,406	-	-
Loss on disposal of property and equipment	1,023,144	98,162	36,833
Share-based compensation	338,810	278,290	220,449
Change in fair value of derivative instruments	-	-	43,361
Deferred income taxes	(1,834,048)	(336,223)	(133,287)
Changes in operating assets and liabilities that provided (used) cash			
Accounts receivable	(168,570)	(1,000,537)	(227,906)
Inventory	(264,148)	(208,542)	(141,547)
Prepaid assets	157,429	(107,715)	(210,434)
Intangible assets	(123,345)	(660,966)	(1,044,899)
Other long-term assets	(184,136)	(3,523)	(43,756)
Accounts payable	1,470,923	(497,999)	2,269,555
Accrued liabilities	1,123,372	208,742	1,250,112
Deferred rent	(297,688)	1,226,086	570,362
Net cash provided by operating activities	11,295,253	7,180,971	7,592,621
Cash flows from investing activities			
Purchases of investments	(7,469,555)	(13,883,671)	-
Proceeds from sale of investments	13,111,935	5,278,048	-
Purchases of property and equipment	(38,988,376)	(25,345,370)	(15,675,329)
Acquisition of business, net of cash acquired	(3,202,750)	-	(14,686,575)
Proceeds from sale leaseback transaction	19,079,401	-	-
Cash paid in excess of book value on noncontrolling interest	-	-	(866,681)
Net cash used in investing activities	(17,469,345)	(33,950,993)	(31,228,585)
Cash flows from financing activities			
Proceeds from issuance of long-term debt	84,008,979	61,743,866	63,521,824
Repayments of long-term debt	(68,513,901)	(60,117,830)	(38,683,029)
Payment of loan fees	(249,116)	-	-
Proceeds from employee stock purchase plan	53,938	23,452	-
Proceeds from sale of common stock, net of underwriter fees	-	31,982,679	-
Distributions from non-controlling interest	-	-	(40,000)
Net cash provided by financing activities	15,299,900	33,632,167	24,798,795
Net increase in cash and cash equivalents	9,125,808	6,862,145	1,162,831
Cash and cash equivalents, beginning of period	9,562,473	2,700,328	1,537,497
Cash and cash equivalents, end of period	\$ 18,688,281	\$ 9,562,473	\$ 2,700,328

See accompanying notes to consolidated financial statements.

DIVERSIFIED RESTAURANT HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Diversified Restaurant Holdings, Inc. (“DRH”) is a fast-growing restaurant company operating two complementary concepts: Bagger Dave’s Burger Tavern® (“Bagger Dave’s”) and Buffalo Wild Wings® Grill & Bar (“BWW”). As the creator, developer, and operator of Bagger Dave’s and as one of the largest franchisees of BWW, we provide a unique guest experience in a casual and inviting environment. We were incorporated in 2006 and are headquartered in the Detroit metropolitan area. As of December 28, 2014 we had 66 locations in Florida, Illinois, Indiana, and Michigan.

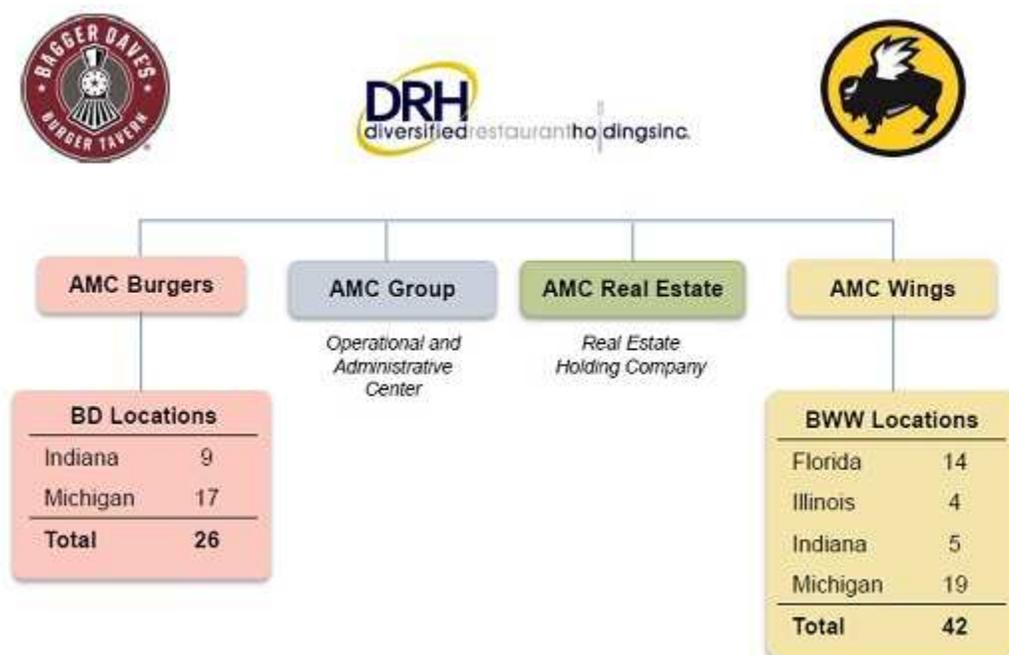
In 2008, DRH became publicly owned completing a self-underwritten initial public offering for \$735,000 and 140,000 shares. We subsequently completed an underwritten, follow-on offering on April 23, 2013 of 6.9 million shares with net proceeds of \$31.9 million.

DRH and its wholly-owned subsidiaries (collectively, the “Company”), AMC Group, Inc. (“AMC”), AMC Wings, Inc. (“WINGS”), AMC Burgers, Inc. (“BURGERS”), and AMC Real Estate, Inc. (“REAL ESTATE”) own and operate Bagger Dave’s and DRH-owned BWW restaurants located throughout Florida, Illinois, Indiana, and Michigan.

DRH originated the Bagger Dave’s concept with our first restaurant opening in January 2008 in Berkley, Michigan. Currently, there are 26 Bagger Dave’s, 17 in Michigan and nine in Indiana. The Company expects to operate between 47 and 51 Bagger Dave’s locations by the end of 2017.

DRH is also one of the largest BWW franchisees and currently operates 42 DRH-owned BWW restaurants (19 in Michigan, 14 in Florida, four in Illinois, and five in Indiana), including the nation’s largest BWW, based on square footage, in downtown Detroit, Michigan. We remain on track to fulfill our area development agreement (“ADA”) with BWLD and expect to operate 52 DRH-owned BWW restaurants by the end of 2017, exclusive of potential additional BWW restaurant acquisitions. In 2014 DRH was awarded the Franchisee of the Year and our COO received the Founder’s Award by Buffalo Wild Wings International (“BWLD”).

The following organizational chart outlines the current corporate structure of DRH. A brief textual description of the entities follows the organizational chart. DRH is incorporated in Nevada.





AMC was formed on March 28, 2007 and serves as our operational and administrative center. AMC renders management, operational support, and advertising services to WINGS, BURGERS, REAL ESTATE and their subsidiaries. Services rendered by AMC include marketing, restaurant operations, restaurant management consultation, hiring and training of management and staff, and other management services reasonably required in the ordinary course of restaurant operations.

BURGERS was formed on March 12, 2007 and serves as a holding company for our Bagger Dave's restaurants. Bagger Dave's Franchising Corporation, a subsidiary of BURGERS, was formed to act as the franchisor for the Bagger Dave's concept and has rights to franchise in Illinois, Indiana, Kentucky, Michigan, Missouri, Ohio, and Wisconsin. We do not intend to pursue franchise development at this time.

WINGS was formed on March 12, 2007 and serves as a holding company for our DRH-owned BWB restaurants. We are economically dependent on retaining our franchise rights with BWLD. The franchise agreements have specific initial term expiration dates ranging from March 2020 through December 2034, depending on the date each was executed and the duration of its initial term. The franchise agreements are renewable at the option of the franchisor and are generally renewable if the franchisee has complied with the franchise agreement. When factoring in any applicable renewals, the franchise agreements have specific expiration dates ranging from December 2025 through December 2049. We believe we are in compliance with the terms of these agreements.

REAL ESTATE was formed on March 18, 2013 and serves as the holding company for the real estate properties owned by DRH. REAL ESTATE's portfolio currently includes three properties, two Bagger Dave's restaurants, which will be sold as part of the sale leaseback transaction as described in Note 3, and one DRH-owned BWB restaurants. The restaurants at these locations are all owned and operated by DRH.

We follow accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets generally accepted accounting principles in the United States of America ("GAAP") that we follow to ensure we consistently report our financial condition, results of operations, and cash flows. References to GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification ("ASC").

Principles of Consolidation

The consolidated financial statements include the accounts of the Company. All significant intercompany accounts and transactions have been eliminated upon consolidation.

We consolidate all variable interest entities (“VIE”) where we are the primary beneficiary. For VIEs, we assess whether we are the primary beneficiary as prescribed by the accounting guidance on the consolidation of VIEs. The primary beneficiary of a VIE is the party that has the power to direct the activities that most significantly impact the performance of the entity and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the entity. See Note 3 for details.

Fiscal Year

The Company utilizes a 52- or 53-week accounting period that ends on the last Sunday in December. Fiscal year 2014 ended on December 28, 2014, comprised 52 weeks, fiscal year 2013 ended on December 29, 2013, comprised 52 weeks, and fiscal year 2012 ended December 30, 2012, comprised 53 weeks.

Segment Reporting

The Company has two operating segments, Bagger Dave’s and BWW. The brands operate within the ultra-casual, full-service dining industry, providing similar products to similar customers. The brands also possess similar economic characteristics, resulting in similar long-term expected financial performance. Sales from external customers are derived principally from food and beverage sales. We do not rely on any major customers as a source of sales. We believe we meet the criteria for aggregating our operating segments into a single reporting segment.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and demand deposits in banks. The Company considers all highly-liquid investments purchased with original maturities of three months or less to be cash and cash equivalents. The Company, at times throughout the year, may, in the ordinary course of business, maintain cash balances in excess of federally-insured limits. Management does not believe the Company is exposed to any unusual risks on such deposits.

Investments

The Company’s investment securities are classified as available-for-sale. Investments classified as available-for-sale are available to be sold in the future in response to the Company’s liquidity needs, changes in market interest rates, tax strategies, and asset-liability management strategies, among other reasons. Available-for-sale securities are reported at fair value, with unrealized gains and losses, net of taxes, reported in the accumulated other comprehensive income (loss) component of stockholders’ equity, and accordingly, have no effect on net income. Realized gains or losses on sale of investments are determined on the basis of specific costs of the investments. Dividend income is recognized when declared and interest income is recognized when earned. Discount or premium on debt securities purchased at other than par value are amortized using the effective yield method. See Note 4 for details.

Accounts Receivable

Accounts receivable primarily consist of contractually determined receivables for leasehold improvements and are stated at the amount management expects to collect. Balances that are outstanding after management has used reasonable collection efforts are written off with a corresponding charge to bad debt expense or deferred rent as applicable. There was no allowance for doubtful accounts necessary at December 28, 2014 and December 29, 2013.

Gift Cards

Buffalo Wild Wings

The Company records gift cards under a BWLD central-wide program. Gift cards sold are recorded as a gift card liability. When redeemed, the gift card liability account is offset by recording the transaction as revenue. At times, gift card redemptions can exceed amounts due to BWLD for gift card purchases resulting in an asset balance. Under this centralized system, any breakage would be recorded by Blazin Wings, Inc., a subsidiary of BWLD, and is subject to the breakage laws in the state of Minnesota, where Blazin Wings, Inc. is located.

Bagger Dave’s

The Company records Bagger Dave’s gift card sales as a gift card liability when sold. When redeemed, the gift card liability account is offset by recording the transaction as revenue. Michigan law states that gift cards cannot expire and any post-sale fees cannot be assessed until five

years after the date of gift card purchase by the consumer. There is no breakage attributable to Bagger Dave's restaurants for the Company to record as of December 28, 2014 and December 29, 2013.

The Company's net gift card asset/liability was a liability of \$10,706 and an asset of \$58,793 as of December 28, 2014 and December 29, 2013, respectively.

Inventory

Inventory consists mainly of food and beverage products and is accounted for at the lower of cost or market using the first in, first out method of inventory valuation. Cash flows related to inventory sales are classified in net cash used by operating activities in the Consolidated Statements of Cash Flows.

Prepays and Other Long-Term Assets

Prepaid assets consist principally of prepaid insurance and contracts and are recognized ratably as operating expense over the period covered by the unexpired premium. Other assets consist primarily of security deposits on our operating leases.

Property and Equipment

Property and equipment are recorded at cost. Buildings are depreciated using the straight-line method over the estimated useful life, which is typically 39 years. Equipment and furniture and fixtures are depreciated using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Leasehold improvements, which include the cost of improvements funded by landlord incentives or allowances, are amortized using the straight-line method over the lesser of the term of the lease, with consideration of renewal options if renewals are reasonably assured because failure to renew would result in an economic penalty, or the estimated useful lives of the assets, which is typically 5 - 15 years. Maintenance and repairs are expensed as incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and the related gains or losses are credited or charged to earnings.

The Company capitalizes items associated with construction but not yet placed into service, known as construction in progress ("CIP"). Items capitalized include fees associated with the design, build out, furnishing of the restaurants, leasehold improvements, construction period interest (when applicable), equipment, and furniture and fixtures. Restaurant CIP is not amortized or depreciated until the related assets are placed into service. Items are placed into service according to their asset category when the restaurant is open for service.

Intangible Assets

Amortizable intangible assets consist of franchise fees, trademarks, non-compete agreements, favorable and unfavorable operating leases, and loan fees and are stated at cost, less accumulated amortization. Intangible assets are amortized on a straight-line basis over the estimated useful life, as follows: Franchise fees- 10 – 20 years, Trademarks- 15 years, Non-compete- 3 years, Favorable unfavorable and unfavorable leases- over the term of the lease and Loan fees- over the term of the loan.

Impairment of Long-Lived Assets and Definite-Lived Intangible Assets

The Company reviews property and equipment, along with other long-lived assets subject to amortization, for impairment whenever events or changes in circumstances indicate that a potential impairment has occurred. No impairment loss was recognized for years ended December 28, 2014, December 29, 2013 and December 30, 2012.

Liquor licenses, also a component of intangible assets, are deemed to have an indefinite life and, accordingly, are not amortized. Management reviews liquor license assets on an annual basis (at year-end) to determine whether carrying values have been impaired. We identify potential impairments for liquor licenses by comparing the fair value with its carrying amount. If the fair value exceeds the carrying amount, the liquor licenses are not impaired. If the carrying amount exceeds the fair value, an impairment loss is recorded for the difference. If the fair value of the asset is less than the carrying amount, an impairment is recorded. No impairments were recognized in fiscal 2014, 2013 or 2012.

We also review long-lived assets quarterly to determine if triggering events have occurred which would require a test to determine if the carrying amount of these assets may not be recoverable based on estimated future cash flows. Assets are reviewed at the lowest level for which cash flows can be identified, which is at the individual restaurant level. In the absence of extraordinary circumstances, restaurants are included in the impairment analysis after they have been open for two years. We evaluate the recoverability of a restaurant's long-lived assets, including buildings, intangibles, leasehold improvements, furniture, fixtures, and equipment over the remaining life of the primary asset in the asset group, after considering the potential impact of planned operational improvements, marketing programs, and anticipated changes in the trade area. In determining future cash flows, significant estimates are made by management with respect to future operating results for each restaurant over the remaining life of the primary asset in the asset group. If assets are determined to be impaired, the impairment charge is measured by calculating the amount by which the asset carrying amount exceeds its fair value based on our estimate of discounted future cash flows. The determination of asset fair value is also subject to significant judgment. No impairments were recognized in fiscal 2014, 2013 or

2012. We are currently monitoring several restaurants in regards to the valuation of long-lived assets and have developed plans to improve operating results. Based on our current estimates of the future operating results of these restaurants, we believe that the assets at these restaurants are not impaired. As we periodically refine our estimated future operating results, changes in our estimates and assumptions may cause us to realize impairment charges in the future that could be material.

Goodwill

Goodwill is not amortized and represents the excess of cost over the fair value of identified net assets of businesses acquired. Goodwill is subject to an annual impairment analysis or more frequently if indicators of impairment exist. At December 28, 2014 and December 29, 2013, we had goodwill of \$11.0 million and \$8.6 million that was assigned to our Buffalo Wild Wings reporting units.

The impairment analysis, if necessary, consists of a two-step process. The first step is to compare the fair value of the reporting unit to its carrying value, including goodwill. We estimate fair value using market information (market approach) and discounted cash flow projections (income approach). The income approach uses the reporting unit's projection of estimated operating results and cash flows that is discounted using a weighted-average cost of capital that reflects market conditions. The projection uses management's best estimates of projected revenue, costs and cash expenditures, including an estimate of new restaurant openings and related capital expenditures. Other significant estimates also include terminal growth rates and working capital requirements. We supplement our estimate of fair value under the income approach by using a market approach which estimates fair value by applying multiples to the reporting unit's projected operating performance. The multiples are derived from comparable publicly traded companies with similar characteristics to the reporting unit. If the fair value of the reporting unit is less than its carrying value, the second step of the impairment analysis must be performed in order to determine the amount of impairment loss, if any. The second step compares the implied fair value of goodwill with the carrying amount of that goodwill. If the carrying amount of the goodwill exceeds its implied fair value, an impairment charge is recognized in an amount equal to that excess. All goodwill was considered recoverable as of December 28, 2014 and December 29, 2013 based on our quantitative analysis.

Deferred Rent

Certain operating leases provide for minimum annual payments that increase over the life of the lease. Typically, leases have an initial lease term of between five and 20 years and contain renewal options under which we may extend the terms for periods of five to 10 years. The aggregate minimum annual payments are expensed on a straight-line basis commencing at the start of our construction period and extending over the term of the related lease, without consideration of renewal options. The amount by which straight-line rent exceeds actual lease payment requirements in the early years of the lease is accrued as deferred rent liability and reduced in later years when the actual cash payment requirements exceed the straight-line expense. The Company also accounts, in its straight-line computation, for the effect of any "rental holidays", "free rent periods", and "landlord incentives or allowances".

Deferred Gains

Deferred gains on the sale leaseback transaction described in Note 3 of the Consolidated Financial Statements, are recognized into income over the life of the related operating lease agreements.

Revenue Recognition

Revenues from food and beverage sales are recognized and generally collected at the point of sale. All sales taxes are presented on a net basis and are excluded from revenue.

Advertising

Advertising expenses associated with contributions to the BWLD advertising fund (3.0% of net sales globally and 0.5% of net sales for certain cities) are expensed as contributed and all other advertising expenses are expensed as incurred. Advertising expenses were \$3.5 million, \$2.8 million and \$3.3 million for the years ended December 28, 2014, December 29, 2013 and December 30, 2012, respectively, and are included in general and administrative expenses in the Consolidated Statements of Operations.

Pre-opening Costs

Pre-opening costs are those costs associated with opening new restaurants and will vary based on the number of new locations opening and under construction. Beginning in late 2012, the Company reclassified labor costs that exceed the historical average for the first three months of restaurant operations that are attributable to training. These costs are expensed as incurred. Pre-opening costs were \$3.5 million, \$3.2 million, and \$1.8 million for the years ended December 28, 2014, December 29, 2013 and December 30, 2012, respectively. Excess labor cost incurred after restaurant opening and included in pre-opening cost were approximately \$516,000, \$1.1 million and \$315,000 for the years ended December 28, 2014, December 29, 2013, and December 30, 2012, respectively.

Income Taxes

Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities

that will result in taxable or deductible amounts in the future, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

The Company applies the provisions of FASB ASC 740, *Income Taxes*, (“ASC 740”) regarding the accounting for uncertainty in income taxes. The Company classifies all interest and penalties as income tax expense. There are no accrued interest amounts or penalties related to uncertain tax positions as of December 28, 2014 and December 29, 2013.

Earnings Per Common Share

Earnings per share are calculated under the provisions of FASB ASC 260, *Earnings per Share*, which requires a dual presentation of "basic" and "diluted" earnings per share on the face of the Consolidated Statements of Operations. Basic earnings per common share excludes dilution and is computed by dividing the net earnings available to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted earnings per common share include dilutive common stock equivalents consisting of stock options determined by the treasury stock method. Restricted stock awards contain nonforfeitable rights to dividends, making such awards participating securities. The calculation of basic and diluted earnings per share uses an earnings allocation method to consider the impact of restricted stock.

Stock Based Compensation

The Company estimates the fair value of stock option awards utilizing the Black-Scholes pricing model. The fair value of the awards is amortized as compensation expense on a straight-line basis over the requisite service period of the award, which is generally the vesting period. The fair value of restricted shares is equal to the number of restricted shares issued times the Company's stock price on the date of grant and is amortized as compensation expense on a straight-line basis over the service period of the award.

Concentration Risks

Approximately 79.1%, 80.9%, and 76.8% of the Company's revenues for the years ended December 28, 2014, December 29, 2013 and December 30, 2012, respectively, were generated from food and beverage sales from restaurants located in the Midwest region.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP 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 consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Interest Rate Swap Agreements

The Company utilizes interest rate swap agreements with RBS Citizens, N.A. ("RBS") to fix interest rates on a portion of the Company's portfolio of variable rate debt, which reduces exposure to interest rate fluctuations. Our derivative financial instruments are recorded at fair value on the balance sheet. The effective portion of changes in the fair value of derivatives which qualify for hedge accounting is recorded in other comprehensive income and is recognized in the statement of operations when the hedged item affects earnings. The ineffective portion of the change in fair value of a hedge is recognized in income immediately. The Company does not use any other types of derivative financial instruments to hedge such exposures, nor does it use derivatives for speculative purposes.

The interest rate swap agreements associated with the Company's current debt agreements qualify for hedge accounting. As such, the Company records the change in the fair value of its swap agreements as a component of accumulated other comprehensive income (loss), net of tax. The Company records the fair value of its interest swaps on the Consolidated Balance Sheet in other long-term assets or other liabilities depending on the fair value of the swaps. See Note 8 and Note 15 for additional information on the interest rate swap agreements.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which supersedes nearly all existing revenue recognition guidance under GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing GAAP. The standard is effective for annual periods beginning after December 15, 2016, and interim periods therein. We are currently evaluating the impact of our pending adoption of ASU 2014-09, although based on the nature of our business we do not expect the standard will have a significant impact on our consolidated financial statements.

We reviewed all other significant newly-issued accounting pronouncements and concluded that they either are not applicable to our operations or that no material effect is expected on our consolidated financial statements as a result of future adoption.



2. ACQUISITIONS

Indiana and Illinois – September 25, 2012

On September 25, 2012, the Company completed the acquisition of substantially all of the assets of Crown Wings, Inc., Brewsters, Inc., Valpo Wings, Inc., Buffaloville Wings, Inc., and Hammond Wings, Inc., each an Indiana corporation, and Homewood Wings, Inc., Cal City Wings, Inc., Lansing Wings, Inc., and Lincoln Park Wings, Inc., each an Illinois corporation (collectively, the “Indiana and Illinois Entities”). The purchase price for the acquisition was \$14.7 million. The acquired assets consist of four BWW restaurants operating in Indiana and four operating in Illinois along with the right to develop a fifth BWW restaurant in Indiana.

The following table summarizes the estimated fair values of net assets acquired and liabilities assumed:

Working capital	\$	109,459
Property and equipment		5,664,140
Franchise fees		254,000
Non-compete		74,100
Liquor licenses		656,000
Favorable operating leases		239,000
Unfavorable operating leases		(875,000)
Goodwill		8,578,776
Net cash paid for acquisition	\$	<u>14,700,475</u>

The excess of the purchase price over the aggregate fair value of assets acquired was allocated to goodwill, all of which is expected to be deductible for tax purposes. The results of operations of these locations are included in our Consolidated Statements of Operations from the date of acquisition.

The fair value of property and equipment acquired was determined primarily using the cost approach, which is based on the current cost to recreate or duplicate the assets less an appropriate allowance for depreciation from all causes; physical, functional, and economic. We estimated replacement cost new by using the indirect approach. We applied equipment-specific cost indices published by Bureau of Labor Statistics – Producer Price Index to the historical cost of the assets to estimate replacement cost new. To determine the depreciation allowance, we estimated the expected normal useful life of the asset and its respective age, also considering the current physical condition, current, and future utilization of the asset. Based on this information, we developed a retirement relationship to age for the asset, determining physical depreciation derived from straight-line depreciation. We then adjusted the replacement cost new, using this relationship to determine replacement cost new less depreciation. Although we considered accounting for functional obsolescence of the assets, we did not apply a functional obsolescence deduction because the assets are functioning as originally designed for use.

The fair value of the liquor licenses acquired was determined by obtaining current market values for liquor licenses in the county in which our acquired restaurants are located.

The fair value of favorable and unfavorable operating leases was determined by calculating the present value of the differences between contracted rent (on a cost per square foot basis) to market rent for comparable properties over the term of the related leases. The Company used a 12.0% discount rate in the present value calculation and the remaining lease terms ranged from seven to 16 years. These favorable and unfavorable operating leases are amortized to rent expense over their respective lease terms.

The following table summarizes the unaudited pro forma financial information as if the acquisition had occurred at the beginning of the periods presented:

	December 30 2012
Revenue	\$ 90,485,351
Net income (loss) attributable to DRH	(248,695)
Basic earnings (loss) per share	(0.01)
Diluted earnings (loss) per share	(0.01)

The Indiana and Illinois Entities generated \$5.0 million in revenue and reported a net loss of \$164,281 for the time period of September 25, 2012 to December 30, 2012.

The Company believes this acquisition expands the scope of our operations, adds a number of new markets to our existing footprint and strategically positions DRH for future expansion throughout the Midwest. Long-term, we look to leverage this acquisition by expanding our Bagger Dave's concept within the same footprint, led by the opening of our first restaurant in Indiana.

Florida – June 30, 2014

On June 30, 2014, the Company completed the acquisition of substantially all of the assets of Screamin' Hot Florida, LLC and Screamin' Hot Trinity, LLC, each a Florida limited liability company. The assets consist of three BWW restaurants in Clearwater, Port Richey and Oldsmar, Florida (collectively, the "Florida 2014 Acquisition"). The purchase price was \$3.2 million in cash, subject to working capital adjustment, and one-half of the transfer fees imposed by BWLD under its franchise agreements for Florida 2014 Acquisition. After the acquisition, the Company owns the entire Tampa, FL BWW market, giving DRH control of the local Advertising Co-Op. This ownership provides DRH a unique opportunity to gain local market scale, in addition to providing greater geographic diversity to the Company's restaurant portfolio.

The following table summarizes the estimated fair values of net assets acquired and liabilities assumed:

Working capital	\$	57,600
Property and equipment		656,146
Franchise fees		72,750
Goodwill		2,419,854
Net Cash paid for acquisition	\$	<u>3,206,350</u>

The excess of the purchase price over the aggregate fair value of assets acquired is allocated to goodwill. Goodwill will be deductible for tax purposes. The results of operations of these locations are included in our Consolidated Statements of Operations from the date of acquisition. The Company found it impracticable to report the supplemental pro forma information for the Florida 2014 Acquisition due to the lack of available information.

The results of operations from the acquisition are included in the Company's results beginning June 30, 2014. The actual amounts of revenue and operating loss are included in the accompanying Consolidated Statement of Operations for the year ended December 28, 2014 and are, \$3.1 million and \$135,796, respectively.

Idaho, Wyoming and Nevada – Potential Q1 2015

On February 17, 2015, the Company entered into an Asset Purchase Agreement (the "Purchase Agreement") to acquire substantially all of the assets of Screamin' Hot Concepts, LLC, Screamin' Hot Nampa, LLC, Screamin' Hot Twin Falls, LLC, each an Idaho limited liability company, and Screamin' Hot Reno, LLC, a Nevada limited liability company. The assets consist primarily of nine existing BWW restaurants; including five in Idaho, two in Wyoming and two in Nevada. The assets also include three BWW Wings restaurants that are currently under development; two of which will be located in Idaho and one of which will be located in Wyoming. As consideration for the acquisition of the assets, the Company will pay \$34.6 million in cash, subject to adjustment for closing inventory amounts, one-half of the transfer fees imposed by BWLD under its franchise agreements for these restaurants and one-half of any liquor license transfer fees. The Company will also reimburse the Sellers for reasonable third-party costs incurred in development of the restaurants that remain under construction. The Purchase Agreement is subject to customary pre-closing conditions, including a financing condition in favor of the Company. BWLD has a right of first refusal, exercisable for a period of 45 days, to acquire the restaurants on the same terms proposed in the Purchase Agreement.

3. SIGNIFICANT BUSINESS TRANSACTIONS

On September 25, 2012, the Company acquired 100.0% of the membership interests in the Ansley Group, LLC for approximately \$2.5 million. The purchase was approved by the Company's disinterested directors who determined that the purchase price was fair to the Company based upon an independent appraisal. As a result, the Company acquired full ownership rights in the Clinton Township BWW restaurant. The Ansley Group, LLC was owned by T. Michael Ansley and Thomas D. Ansley. T. Michael Ansley is the Chairman of the Board of Directors, President, and CEO and a principal shareholder of the Company. This allowed us to unwind the Ansley Group VIE accounting treatment and eliminate the related non-controlling interest in the fourth quarter of 2012.

On April 23, 2013, the Company completed an underwritten, follow-on equity offering of 6.9 million shares of common stock at a price of \$5.00 per share to the public. After deducting underwriting discounts, commissions, and other offering expenses, the net proceeds to DRH from the offering were \$31.9 million. Refer to our Form S-1/A filed on April 15, 2013 for additional information.

The Company invested a portion of the proceeds from the follow-on offering in highly liquid short-term investments with maturities of less than one year. These are temporary investments while the Company looks to invest them in growth opportunities for new restaurant openings. These investments are not held for trading or other speculative purposes and are classified as available for sale. We invested with a strategy focused on principal preservation. Changes in interest rates affect the investment income we earn on our marketable securities and, therefore, impact our cash flows and results of operations. See Note 4 for additional information.

On October 6, 2014, the Company entered into a sale leaseback agreement for \$24.6 million with a third-party Real Estate Investment Trust (“REIT”). The arrangement includes the sale of 12 properties, six Bagger Dave’s locations and six BWB locations. In Q4 2014, we closed on ten of the 12 properties, with total proceeds of \$19.1 million. We expect to close the sale of the remaining properties in Q2 2015, with proceeds of \$5.5 million. In pursuant to the terms of each sale-leaseback transaction, we transferred title of the real property to the purchaser after final inspection and, in turn, entered into separate leases with the purchaser having a 15-year basic operating lease term plus four separate five-year renewal options. In connection with the closing of the sale-leaseback transactions in Q4 2014, the Company recorded losses of approximately \$0.5 million, which is included in loss on disposal of property and equipment the Consolidated Statement of Operations. The Company also recorded deferred gains of \$2.3 million for the properties sold at a gain. At December 28, 2014, \$0.2 million of the deferred gain was recorded in other accrued liabilities and \$2.1 million of the deferred gain was recorded in other liabilities on the Consolidated Balance Sheet. The gains will be recognized into income as an offset to rent expense over the life of the related lease agreements. See Notes 5, 8 and 11 for additional information.

4. INVESTMENTS

Investments consist of available-for-sale securities that are carried at fair value. Available-for-sale securities are classified as current assets based upon our intent and ability to use any and all of the securities as necessary to satisfy the operational requirements of our business. Based on the call date of the investments, all securities have maturities of one year or less. Unrealized losses are charged against net earnings when a decline in fair value is determined to be other than temporary.

The amortized cost, gross unrealized holding gains, gross unrealized holding loss, and fair value of available-for-sale securities by type are as follows:

	December 28, 2014			
	Amortized Cost	Unrealized Gains	Unrealized Loss	Estimated Fair Value
Debt securities:				
Obligations of states/municipals	\$ 1,190,261	\$ -	\$ (4,278)	\$ 1,185,983
Corporate securities	1,732,734	-	(1,485)	1,731,249
Total debt securities	\$ 2,922,995	\$ -	\$ (5,763)	\$ 2,917,232
	December 29, 2013			
	Amortized Cost	Unrealized Gains	Unrealized Loss	Estimated Fair Value
Debt securities:				
U.S government and agencies	\$ 3,497,951	\$ 236	\$ (52)	\$ 3,498,135
Corporate securities	5,107,853	-	(44,390)	5,063,463
Total debt securities	\$ 8,605,804	\$ 236	\$ (44,442)	\$ 8,561,598

As of December 28, 2014 and December 29, 2013, \$2.9 million and \$7.0 million are currently in a loss position with a cumulative unrealized loss of \$5,763 and \$44,442. The Company may incur future impairment charges if declines in market values continue and/or worsen and the impairments are no longer considered temporary. All investments with unrealized losses have been in such position for less than 12 months.

Gross unrealized gains and losses on available-for-sale securities, recorded in accumulated other comprehensive loss were as follows:

	December 28 2014	December 29 2013
Unrealized gain	\$ -	\$ 236
Unrealized loss	(5,763)	(44,442)
Net unrealized loss	(5,763)	(44,206)
Deferred federal income tax benefit	1,959	15,030

Net unrealized loss on investments, net of deferred income tax	\$	<u>(3,804)</u>	\$	<u>(29,176)</u>
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5 . PROPERTY AND EQUIPMENT, NET

Property and equipment are comprised of the following:

	December 28 2014	December 29 2013
Land	\$ 3,087,514	\$ 3,610,453
Building	2,339,219	4,316,263
Equipment	29,251,119	22,212,594
Furniture and fixtures	7,458,292	5,822,813
Leasehold improvements	56,971,815	46,469,088
Restaurant construction in progress	4,731,045	2,434,332
Total	103,839,004	84,865,543
Less accumulated depreciation	(32,330,054)	(26,288,809)
Property and equipment, net	\$ 71,508,950	\$ 58,576,734

Depreciation expense was \$10.9 million, \$7.9 million, and \$4.6 million during the years ended December 28, 2014, December 29, 2013 and December 30, 2012, respectively.

At December 28, 2014, approximately \$2.2 million of our restaurant construction in progress is subject to the sale leaseback transaction described in Note 3.

6. INTANGIBLE ASSETS

Intangible assets are comprised of the following:

	December 28 2014	December 29 2013
Amortized intangible assets		
Franchise fees	\$ 647,363	\$ 568,363
Trademark	64,934	59,199
Non-compete	76,560	76,560
Favorable operating leases	239,000	239,000
Loan fees	130,377	346,758
Total	1,158,234	1,289,880
Less accumulated amortization	(377,839)	(361,009)
Amortized intangible assets, net	780,395	928,871
Unamortized intangible assets		
Liquor licenses	2,136,103	2,019,142
Total intangible assets, net	\$ 2,916,498	\$ 2,948,013

Amortization expense for the years ended December 28, 2014, December 29, 2013 and December 30, 2012 was \$62,008, \$55,469 and \$35,753, respectively. Amortization of favorable leases and loan fees are reflected as part of occupancy and interest expense, respectively. Loan fees written off to interest expense during the year ended December 28, 2014, December 29, 2013, and December 30, 2012 were \$308,497, \$76,407 and \$141,329, respectively.

Based on the current intangible assets and their estimated useful lives, future intangible-related expense for the next five years is projected as follows:

Year	Amount
2015	\$ 116,557
2016	86,598
2017	85,062
2018	83,387
2019	77,289
Thereafter	331,502
Total	\$ 780,395

The aggregate weighted-average amortization period for intangible assets is 7.6 years.

7. RELATED PARTY TRANSACTIONS

Fees for monthly accounting and financial statement services are paid to an entity owned by a member of the DRH Board of Directors and a stockholder of the Company. Fees paid during the years ended December 28, 2014, December 29, 2013 and December 30, 2012 were \$515,948, \$405,187 and \$357,404, respectively.

See Note 11 for related party operating lease transactions.

8. LONG-TERM DEBT

Long-term debt consists of the following obligations:

	December 28 2014	December 29 2013
Note payable - \$56.0 million term loan; payable to RBS with a senior lien on all the Company's personal property and fixtures. Scheduled monthly principal payments are approximately \$666,667 plus accrued interest through maturity in December 2019. Interest is charged based on one-month LIBOR plus an applicable margin, which ranges from 2.25% to 3.15%, depending on the lease adjusted leverage ratio defined in the terms of the agreement. The rate at December 28, 2014 was approximately 2.7%.	\$ 56,000,000	-
Note payable - \$20.0 million development line of credit; payable to RBS with a senior lien on all the Company's personal property and fixtures. Payments are due monthly once fully drawn and matures in December 2019. Interest is charged based on one-month LIBOR plus an applicable margin, which ranges from 2.25% to 3.15%, depending on the lease adjusted leverage ratio defined in the terms of the agreement. The rate at December 28, 2014 was approximately 2.7%.	\$ 5,768,399	-
Note payable - \$46.0 million term loan; payable to RBS with a senior lien on all the Company's personal property and fixtures. Scheduled monthly principal payments are approximately \$547,619 plus accrued interest through maturity in April 2018. Interest is charged based on one-month LIBOR plus an applicable margin, which ranges from 2.25% to 3.15%, depending on the lease adjusted leverage ratio defined in the terms of the agreement. This note was refinanced in 2014.	\$ -	31,619,048
Note payable - \$15.0 million development line of credit; payable to RBS with a senior lien on all the Company's personal property and fixtures. Scheduled monthly principal payments are \$178,571 plus accrued interest through maturity in April 2018. Interest is charged based on one-month LIBOR plus an applicable margin, which ranges from 2.25% to 3.15%, depending on the lease adjusted leverage ratio defined in the terms of the agreement. This note was refinanced in 2014.	\$ -	12,759,420
Note payable to a bank secured by a senior mortgage on the Brandon Property. Scheduled monthly principal and interest payments are approximately \$8,000 through maturity in June 2030, at which point a balloon payment of \$413,550 is due. Interest is charged based on a fixed rate of 6.7%, per annum, through June 2017, at which point the rate will adjust to the U.S. Treasury Securities Rate plus 4.0% (and every seven years thereafter). This note was paid off in 2014.	\$ -	1,081,047

Note payable to a bank secured by a junior mortgage on the Brandon Property. The note matures in 2030 and requires monthly principal and interest installments of approximately \$6,300 until maturity. Interest is charged at a rate of 3.6% per annum. This note was paid off in 2014.	\$	-	813,806
Total debt		61,768,399	46,273,321
Less current portion		(8,155,903)	(8,225,732)
Long-term debt, net of current portion	\$	<u>53,612,496</u>	<u>\$ 38,047,589</u>

On April 15, 2013, the Company entered into a \$63.0 million senior secured credit facility with RBS (the “April 2013 Senior Secured Credit Facility”). The April 2013 Senior Secured Credit Facility consisted of a \$46.0 million term loan (the “April 2013 Term Loan”), a \$15.0 million development line of credit (the “April 2013 DLOC”), and a \$2.0 million revolving line of credit (the “April 2013 RLOC”). The Company immediately used \$34.0 million of the April 2013 Term Loan to refinance existing outstanding debt with RBS, approximately \$10.0 million of the April 2013 Term Loan to refinance and term out the outstanding balance of the existing development line of credit loan between the Company and RBS, and approximately \$800,000 of the April 2013 Term Loan to refinance and term out the outstanding balance of the existing revolving line of credit loan between the Company and RBS. The remaining balance of the April 2013 Term Loan, approximately \$1.2 million, was used for working capital as well as to pay the fees, costs, and expenses arising in connection with the closing of the April 2013 Senior Secured Credit Facility. The April 2013 Term Loan was for a period of five years. Payments of principal were based upon an 84-month straight-line amortization schedule, with monthly principal payments of \$547,619 plus accrued interest. The entire remaining outstanding principal and accrued interest on the April 2013 Term Loan was due and payable on its maturity date of April 15, 2018. The April 2013 DLOC was for a term of two years and was convertible upon maturity into a term note. The April 2013 RLOC was for a term of two years. Amounts borrowed under the April 2013 Senior Secured Credit Facility bore interest at a rate of LIBOR plus an applicable margin, which ranged from 2.25% to 3.15%, depending on the lease adjusted leverage ratio defined in the terms of the agreement. On May 15, 2013, the Company paid down \$10.0 million on its April 2013 Term Loan in satisfaction of its post-offering requirement to RBS to utilize up to 40.0% of the offering proceeds for such purpose.

On March 20, 2014, the Company amended the April 2013 Senior Secured Credit Facility to include a \$20.0 million development line of credit II (the “March 2014 DLOC II”). The March 2014 DLOC II was for a term of two years and was convertible upon maturity into a term note. The amendment also provided a 25 basis point reduction to the April 2013 Senior Secured Credit Facility’s applicable margin rate, which reduced the range from 2.5%/3.4% to 2.25%/3.15%, which commenced April 2014.

On December 16, 2014, the Company entered into a \$77.0 million senior secured credit facility with RBS (the “December 2014 Senior Secured Credit Facility”). The December 2014 Senior Secured Credit Facility consist of a \$56.0 million term loan (the “December 2014 Term Loan”), a \$20.0 million development line of credit (the “December 2014 DLOC”), and a \$1.0 million revolving line of credit (the “December 2014 RLOC”). The Company used approximately \$35.5 million of the December 2014 Term Loan to refinance existing outstanding debt with RBS and used approximately \$20.0 million of the December 2014 Term Loan to refinance and term out the outstanding balance of the existing development line of credit loan between the Company and RBS. The remaining balance of the December 2014 Term Loan, approximately \$0.5 million, was used to pay the fees, costs, and expenses associated with the closing of the December 2014 Senior Secured Credit Facility. The December 2014 Term Loan is for a period of five years. Payments of principal are based upon an 84-month straight-line amortization schedule, with monthly principal payments of \$666,667 plus accrued interest. The interest rate for the December 2014 Term Loan is LIBOR plus an applicable margin, which ranges from 2.25% to 3.15%, depending on the lease adjusted leverage ratio defined in the terms of the agreement. The entire remaining outstanding principal and accrued interest on the December 2014 Term Loan is due and payable on the maturity date of December 16, 2019. The December 2014 DLOC is for a term of two years and is convertible upon maturity into a term note based on the terms of the agreement at which time monthly principal payments will be due based on a 84-month straight-line amortization schedule, plus interest, through maturity on December 16, 2014. The December 2014 RLOC is for a term of two years and no amount was outstanding as of December 28, 2014.

In connection with the sale-leaseback transactions, described in Note 3, the Company used a portion of the proceeds to apply payment on outstanding balances under the Company's Senior Secured Credit Facility and the Brandon senior and junior Property mortgages, totaling approximately \$3.2 million and approximately \$1.9 million, respectively.

The Company's evaluation of the December 2014 debt refinancing concluded that the terms of the debt were not substantially modified.

Based on the long-term debt terms that existed at December 28, 2014, the scheduled principal maturities for the next five years and thereafter are summarized as follows:

Year	Amount
2015	\$ 8,155,903
2016	8,935,416
2017	8,935,416
2018	8,935,416
2019	26,806,248
Thereafter	-
Total	<u>\$ 61,768,399</u>

Interest expense was \$2.3 million, \$1.7 million and \$1.3 million (including related party interest expense of \$0, \$0 and \$52,724) for the years ended December 28, 2014, December 29, 2013 and December 30, 2012, respectively.

The current debt agreement contains various customary financial covenants generally based on the performance of the specific borrowing entity and other related entities. The more significant covenants consist of a minimum debt service coverage ratio and a maximum lease adjusted leverage ratio, both of which we are in compliance with as of December 28, 2014.

At December 28, 2014, the Company has four interest rate swap agreements to fix a portion of the interest rates on its variable rate debt. The swap agreements all qualify for hedge accounting. The swap agreements have a combined notional amount of \$38.5 million at December 28, 2014. Under the swap agreements, the Company receives interest at the one-month LIBOR and pays a fixed rate. The April 2012 swap has a rate of 1.4% (notional amount of \$9.9 million) and expires April 2019, the October 2012 swap has a rate of 0.9% (notional amount of \$4.1 million) and expires October 2017, the July 2013 swap has a rate of 1.4% (notional amount of \$11.6 million) and expires April 2018, and the May 2014 forward swap has a rate of 1.54% (notional amount of \$12.9 million) and expires April 2018. The fair value of these swap agreements was \$259,626 and \$327,561 at December 28, 2014 and December 29, 2013, respectively. Since these swap agreements qualify for hedge accounting, the changes in fair value are recorded in other comprehensive income (loss), net of tax. See Note 1 and Note 15 for additional information pertaining to interest rate swaps.

9 . STOCK-BASED COMPENSATION

The Company established a Stock Incentive Plan in 2011 ("Stock Incentive Plan") to attract and retain directors, consultants, and team members and to align their interests with the interests of the Company's shareholders through the opportunity for increased stock ownership. The plan permits the grant and award of 750,000 shares of common stock by way of stock options and/or restricted stock. Stock options must be awarded at exercise prices at least equal to or greater than 100.0% of the fair market value of the shares on the date of grant. The options will expire no later than 10 years from the date of grant, with vesting terms to be defined at grant date, ranging from a vesting schedule based on performance to a vesting schedule that extends over a period of time as selected by the Compensation Committee of the Board of Directors (the "Committee") or another committee as determined by the Board of Directors. The Committee also determines the grant, issuance, retention, and vesting timing and conditions of awards of restricted stock. The Committee may place limitations, such as continued employment, passage of time, and/or performance measures, on restricted stock. Awards of restricted stock may not provide for vesting or settlement in full of restricted stock over a period of less than one year from the date the award is made.

During fiscal 2014, 2013, and 2012, restricted shares were issued to certain team members at a weighted-average grant date fair value of \$4.82, \$5.85, and \$3.63, respectively. Restricted shares are generally granted with a per share purchase price at 100.0% of the fair market value on the date of grant. Based on the Stock Award Agreement, shares vest ratably over a three or one year period or upon the three year anniversary of the granted shares, the vesting terms are determined by the Committee. Unrecognized stock-based compensation expense of \$593,813 at December 28, 2014 will be recognized over the remaining weighted-average vesting period of 1.9 years. The total fair value of shares vested during years ended December 28, 2014, December 29, 2013, and December 30, 2012 was \$193,996, \$169,593, and \$98,000, respectively. Under the Stock Incentive Plan, there are 544,102 shares available for future awards at December 28, 2014.

The Company also reserved 250,000 shares of common stock for issuance under the Employee Stock Purchase Plan (“ESPP”). The ESPP is available to team members subject to employment eligibility requirements. Participants may purchase common stock at 85.0% of the lesser of the start or end price for the offering period. The plan has four offering periods, each start/end dates coincide with the fiscal quarter and are awarded on the last day of the offering period. During the December 28, 2014 and December 29 2013, we issued 11,015 and 4,773 shares, respectively. No shares were issued in fiscal 2012. Under the ESPP, there are 234,212 shares available for future awards at December 28, 2014.

The following table presents the restricted stock transactions for fiscal 2014:

	Number of Restricted Stock Shares
Unvested, December 29, 2013	116,667
Granted	91,966
Vested	(41,031)
Expired/Forfeited	(2,735)
Unvested, December 28, 2014	<u>164,867</u>

The following table presents the restricted stock transactions for fiscal 2013:

	Number of Restricted Stock Shares
Unvested, December 30, 2012	54,900
Granted	145,575
Vested	(26,700)
Expired/Forfeited	(57,108)
Unvested, December 29, 2013	<u>116,667</u>

The following table presents the restricted stock transactions for fiscal 2012:

	Number of Restricted Stock Shares
Unvested, December 25, 2011	60,400
Granted	28,800
Vested	(20,800)
Expired/Forfeited	(13,500)
Unvested, December 30, 2012	<u>54,900</u>

On July 30, 2007, DRH granted options for the purchase of 150,000 shares of common stock to the directors of the Company at an exercise price of \$2.50 per share. These options vested ratably over a three-year period and were set to expire six years from issuance, July 30, 2013. At December 29, 2013, all 150,000 options were fully vested and were exercised either through cash or cashless exercise at a price of \$2.50 per share. The intrinsic value of options exercised in 2013 was \$679,680.

On July 30, 2010, prior to the Stock Incentive Plan, DRH granted options for the purchase of 210,000 shares of common stock to the directors of the Company. These options are fully vested and expire six years from issuance, July 30, 2016. Once vested, the options can be exercised at a price of \$2.50 per share. At December 28, 2014, 210,000 shares of authorized common stock are reserved for issuance to provide for the exercise of these options. The intrinsic value of outstanding options was \$522,900, \$514,500, and \$315,000 as of December 28, 2014, December 29, 2013, and December 30, 2012, respectively .

Stock-based compensation of \$338,810, \$278,290 and \$220,449 was recognized during the years ended December 28, 2014, December 29, 2013 and December 30, 2012, respectively, as restaurant compensation costs in the Consolidated Statements of Operations and as additional paid-in capital on the Consolidated Statement of Stockholders' Equity to reflect the fair value of shares vested.

The Company has authorized 10,000,000 shares of preferred stock at a par value of \$0.0001. No preferred shares are issued or outstanding as of December 28, 2014. Any preferences, rights, voting powers, restrictions, dividend limitations, qualifications, and terms and conditions of redemption shall be set forth and adopted by a Board of Directors' resolution prior to issuance of any series of preferred stock.

10. INCOME TAXES

The provision (benefit) for income taxes consists of the following components for the fiscal years ended December 28, 2014, December 29, 2013 and December 30, 2012:

	Fiscal Years Ended		
	December 28 2014	December 29 2013	December 30 2012
Federal			
Current	\$ -	\$ -	\$ -
Deferred	(1,628,568)	(306,951)	(119,304)
State			
Current	127,312	74,773	133,120
Deferred	(205,480)	(29,272)	(13,983)
Income tax benefit	<u>\$ (1,706,736)</u>	<u>\$ (261,450)</u>	<u>\$ (167)</u>

The benefit for income taxes is different from that which would be obtained by applying the statutory federal income tax rate to income (loss) before income taxes (loss). The items causing this difference are as follows:

	Fiscal Years Ended		
	December 28 2014	December 29 2013	December 30 2012
Income tax provision (benefit) at federal statutory rate	\$ (1,011,580)	\$ (43,228)	\$ 93,490
State income tax provision (benefit)	(51,689)	30,032	39,169
Permanent differences	346,388	271,151	84,140
Tax credits	(989,855)	(519,405)	(216,966)
Income tax benefit	<u>\$ (1,706,736)</u>	<u>\$ (261,450)</u>	<u>\$ (167)</u>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company expects the deferred tax assets to be fully realizable within the next several years. Significant components of the Company's deferred income tax assets and liabilities are summarized as follows:

	December 28 2014	December 29 2013
Deferred tax assets:		
Net operating loss carry forwards	\$ 915,900	\$ 983,682
Deferred rent expense	481,543	131,249
Start-up costs	99,261	130,136
Tax credit carry-forwards	3,417,716	2,427,861
Interest rate swaps	88,121	111,218
Investments	1,959	15,030
Sale leaseback deferred gain	788,195	-
Stock-based compensation	310,790	129,514
Other	397,117	186,814
Total deferred tax assets	6,500,602	4,115,504
Deferred tax liabilities:		
Tax depreciation in excess of book	3,069,315	2,708,544

Goodwill amortization in excess of book	470,647	244,199
Total deferred tax liability	3,539,962	2,952,743
Net deferred income tax assets	<u>\$ 2,960,640</u>	<u>\$ 1,162,761</u>

If deemed necessary by management, the Company establishes valuation allowances in accordance with the provisions of ASC 740 . Management continually reviews the likelihood that deferred tax assets will be realized and the Company recognizes these benefits only as reassessment indicates that it is more likely than not that such tax benefits will be realized.

The Company expects to use net operating loss and general business tax credit carryforwards before its 20-year expiration. A significant amount of net operating loss carry forwards were used when the Company purchased nine affiliated restaurants in 2010, which were previously managed by DRH. As of December 28, 2014, the Company has available federal net operating loss carryforwards of approximately \$3.3 million. Of that amount, approximately \$600,000 relates to stock-based compensation tax deductions in excess of book compensation expense that will be credited to additional paid in capital in future periods when such deductions reduce taxes payable as determined based on a "with-and-without" approach. Net operating losses relating to such benefits are not included in the table above. General business tax credits of \$3.4 million will expire between 2028 and 2035.

The Company applies the provisions of ASC 740 regarding the accounting for uncertainty in income taxes. There are no amounts recorded on the Company's consolidated financial statements for uncertain positions. The Company classifies all interest and penalties as income tax expense. There are no accrued interest amounts or penalties related to uncertain tax positions as of December 28, 2014.

The Company files income tax returns in the United States federal jurisdiction and various state jurisdictions, and is subject to U.S. Federal, state, and local income tax examinations for tax years 2011 through 2013.

11. OPERATING LEASES (INCLUDING RELATED PARTIES)

Lease terms range from five to 20 years, generally include renewal options, and frequently require us to pay a proportionate share of real estate taxes, insurance, common area maintenance, and other operating costs. Some restaurant leases provide for contingent rental payments based on sales thresholds.

Total rent expense was \$5.5 million, \$5.0 million and \$3.5 million for the fiscal years ended December 28, 2014, December 29, 2013 and December 30, 2012, respectively (of which \$112,955, \$80,216 and \$84,427 for the fiscal years ended December 28, 2014, December 29, 2013, and December 30, 2012, respectively, were paid to a related parties). On October 30, 2014, Detroit Burgers, Inc., one of our wholly-owned subsidiaries, acquired 100.0% of the membership interests of DMM Group, LLC from a trust controlled by the spouse of our President, CEO and Chairman, T. Michael Ansley for \$250,000. DMM Group's sole asset is the land and improvements used for our Detroit Bagger Dave's restaurant. Also, on October 30, 2014 Berkley Burgers, Inc., owned by a related party, sold 100.0% of their membership interests to a third-party REIT, which was also the group that purchased a number of our location as part of our sales leaseback transaction, as described in Note 3.

Scheduled future minimum lease payments for each of the five years and thereafter for non-cancelable operating leases for existing restaurants with initial or remaining lease terms in excess of one year at December 28, 2014 are summarized as follows:

Year	Amount
2015	\$ 7,555,779
2016	7,331,631
2017	7,058,429
2018	6,772,262
2019	6,406,398
Thereafter	36,590,287
Total	\$ 71,714,786

Scheduled future minimum lease payments for each of the five years and thereafter for non-cancelable operating leases for restaurants under development, including leases that are part of the sale leaseback transaction described in Note 3, with initial or remaining lease terms in excess of one year at December 28, 2014 are summarized as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 677,264
2016	1,096,417
2017	1,098,089
2018	1,099,769
2019	1,101,489
Thereafter	7,142,152
Total	\$ 12,215,180

1 2 . COMMITMENTS AND CONTINGENCIES

The Company's ADA requires DRH to open 32 restaurants by March 1, 2017. Failure to develop restaurants in accordance with the schedule detailed in the agreement could lead to potential penalties of up to \$50,000 for each undeveloped restaurant, payment of the initial franchise fees for each undeveloped restaurant, and loss of rights to development territory. As of December 28, 2014, we have opened 24 of the 32 restaurants required by the ADA. With the remaining eight restaurants, along with two additional franchise agreements, we expect the Company will operate 52 BWW restaurants by 2017, exclusive of potential additional BWW restaurant acquisitions.

The Company is required to pay BWLD royalties (5.0% of net sales) and advertising fund contributions (3.0% of net sales and 0.5% of net sales for certain cities) for the term of the individual franchise agreements. The Company incurred \$5.3 million, \$4.7 million, and \$3.4 million in royalty expense for the fiscal years ended December 28, 2014, December 29, 2013, and December 30, 2012, respectively. Advertising fund contribution expenses were \$3.5 million, \$2.8 million, and \$2.0 million for the fiscal years ended December 28, 2014, December 29, 2013, and December 30, 2012, respectively.

The Company is required by its various BWLD franchise agreements to modernize the restaurants during the term of the agreements. The individual agreements generally require improvements between the fifth and tenth year to meet the most current design model that BWLD has approved. The modernization costs for a restaurant can range from approximately \$50,000 to approximately \$700,000 depending on an individual restaurant's needs.

In 2013 and 2012 we had a defined contribution 401(k) plan whereby eligible team members could contribute pre-tax wages in accordance with the provisions of the plan. We matched 100.0% of the first 3.0% and 50.0% of the next 2.0% of contributions made by eligible team members. Matching contributions of approximately \$250,001 and \$239,351 were made by us during the year ended December 29, 2013, December 30, 2012, respectively. Effective January 1, 2014, the Company ceased the matching program in favor of an annual discretionary contributions to the 401(k). For fiscal 2014, the discretionary match was 100.0% of 2.0% contribute, this equated to \$168,446.

The Company is subject to ordinary and routine legal proceedings, as well as demands, claims and threatened litigation, which arise in the ordinary course of its business. The ultimate outcome of any litigation is uncertain. While unfavorable outcomes could have adverse effects on the Company's business, results of operations, and financial condition, management believes that the Company is adequately insured and does not believe an unfavorable outcome of any pending or threatened proceedings is probable or reasonably possible. Therefore, no separate reserve or disclosure has been established for these types of legal proceedings.

1 3 . EARNINGS PER COMMON SHARE

The following is a reconciliation of basic and fully diluted earnings per common share for the years ended December 28, 2014, December 29, 2013 and December 30, 2012:

	<u>Fiscal Years Ended</u>		
	<u>December 28</u> <u>2014</u>	<u>December 29</u> <u>2013</u>	<u>December 30</u> <u>2012</u>
Income (loss) available to common stockholders	\$ (1,268,497)	\$ 134,308	\$ 180,099
Weighted-average shares outstanding	26,092,919	23,937,188	18,949,556
Effect of dilutive securities	-	120,884	142,293
Weighted-average shares outstanding - assuming dilution	26,092,919	24,058,072	19,091,849

Earnings per common share	\$	(0.05)	\$	0.01	\$	0.01
Earnings per common share - assuming dilution	\$	<u>(0.05)</u>	\$	<u>0.01</u>	\$	<u>0.01</u>

14. SUPPLEMENTAL CASH FLOWS INFORMATION

Other Cash Flows Information

Cash paid for interest was \$1.9 million, \$1.7 million, and \$1.3 million during the years ended December 28, 2014, December 29, 2013, and December 30, 2012, respectively.

Cash paid for income taxes was \$22,000, \$65,500 and \$386,204 during the years ended December 28, 2014, December 29, 2013, and December 30, 2012, respectively.

Supplemental Schedule of Non-Cash Operating, Investing, and Financing Activities

Noncash investing transactions for property and equipment not yet paid for December 28, 2014, December 29, 2013, and December 30, 2012 was \$3.1 million, \$1.9 million, and \$0.9 million.

15 . FAIR VALUE OF FINANCIAL INSTRUMENTS

The guidance for fair value measurements, FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes the authoritative definition of fair value, sets out a framework for measuring fair value, and outlines the required disclosures regarding fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. We use a three-tier fair value hierarchy based upon observable and non-observable inputs as follows:

- Level 1 Quoted market prices in active markets for identical assets and liabilities;
- Level 2 Inputs, other than level 1 inputs, either directly or indirectly observable; and
- Level 3 Unobservable inputs developed using internal estimates and assumptions (there is little or no market data) which reflect those that market participants would use.

As of December 28, 2014 and December 29, 2013, respectively, our financial instruments consisted of cash and cash equivalents, accounts receivable, available-for-sale investments, accounts payable, and debt. The fair value of cash and cash equivalents, accounts receivable, and accounts payable approximate carrying value, due to their short-term nature.

The fair value of our interest rate swaps is determined based on valuation models, which utilize quoted interest rate curves to calculate the forward value and then discount the forward values to the present period. The Company measures the fair value using broker quotes which are generally based on market observable inputs including yield curves and the value associated with counterparty credit risk. Our interest rate swaps are classified as a Level 2 measurement as these securities are not actively traded in the market, but are observable based on transactions associated with bank loans with similar terms and maturities. See Note 1 and Note 8 for additional information pertaining to interest rates swaps.

The estimated fair values of the Company's investment portfolio are based on prices provided by a third party pricing service and a third party investment manager. The prices provided by these services are based on quoted market prices, when available, non-binding broker quotes, or matrix pricing. The third party pricing service and the third party investment manager provide a single price or quote per security and the Company has not historically adjusted security prices. The Company obtains an understanding of the methods, models and inputs used by the third party pricing service and the third party investment manager, and has controls in place to validate that amounts provided represent fair values. Our investments are classified as a Level 2 measurement as these securities are not actively traded in the market, but are observable based on the quoted prices provided by our Portfolio managers

As of December 28, 2014 and December 29, 2013, our total debt was approximately \$61.8 million and \$46.3 million, respectively, which approximated fair value. The Company estimates the fair value of its fixed-rate debt using discounted cash flow analysis based on the Company's incremental borrowing rate (Level 2).

There were no transfers between levels of the fair value hierarchy during the fiscal years ended December 28, 2014 and December 29, 2013, respectively.



The following table presents the fair values for those assets and liabilities measured on a recurring basis as of December 28, 2014:

FAIR VALUE MEASUREMENTS

Description	Level 1	Level 2	Level 3	Total	Asset/ (Liability) Total
Interest rate swaps	\$ -	\$ (259,626)	\$ -	\$ (259,626)	\$ (259,626)
Debt securities					
Obligations of states/municipals	-	1,185,983	-	1,185,983	1,185,983
Corporate securities	-	1,731,249	-	1,731,249	1,731,249
Total debt securities	-	2,917,232	-	2,917,232	2,917,232
Total debt securities and swaps	<u>\$ -</u>	<u>\$ 2,657,606</u>	<u>\$ -</u>	<u>\$ 2,657,606</u>	<u>\$ 2,657,606</u>

The following table presents the fair values for those assets and liabilities measured on a recurring basis as of December 29, 2013:

FAIR VALUE MEASUREMENTS

Description	Level 1	Level 2	Level 3	Total	Asset/ (Liability) Total
Interest rate swaps	\$ -	\$ (327,561)	\$ -	\$ (327,561)	\$ (327,561)
Debt securities					
U.S. government and agencies	-	3,498,135	-	3,498,135	3,498,135
Corporate securities	-	5,063,463	-	5,063,463	5,063,463
Total debt securities	-	8,561,598	-	8,561,598	8,561,598
Total debt securities and swaps	<u>\$ -</u>	<u>\$ 8,234,037</u>	<u>\$ -</u>	<u>\$ 8,234,037</u>	<u>\$ 8,234,037</u>

16. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes each component of Accumulated Other Comprehensive Income (loss):

Year Ended December 28, 2014

	Interest Rate		Investments	Total
	Swaps			
Beginning balance	\$ (216,188)	\$ (29,176)	\$ (245,364)	\$ (245,364)
Gain(loss) recorded to other comprehensive income	67,933	38,443	106,376	106,376
Tax benefit (expense)	(23,097)	(13,071)	(36,168)	(36,168)
Other comprehensive income	44,836	25,372	70,208	70,208
Accumulated OCI	<u>\$ (171,352)</u>	<u>\$ (3,804)</u>	<u>\$ (175,156)</u>	<u>\$ (175,156)</u>

Year Ended December 29, 2013

	Interest Rate		Investments	Total
	Swaps			
Beginning balance	\$ (284,294)	\$ -	\$ (284,294)	\$ (284,294)
Gain(loss) recorded to other comprehensive income	103,190	(44,206)	58,984	58,984
Tax benefit (expense)	(35,084)	15,030	(20,054)	(20,054)
Other comprehensive income (loss)	68,106	(29,176)	38,930	38,930
Accumulated OCI	<u>\$ (216,188)</u>	<u>\$ (29,176)</u>	<u>\$ (245,364)</u>	<u>\$ (245,364)</u>

Year Ended December 30, 2012

	Interest Rate		Investments	Total
	Swaps			
Beginning balance	\$ -	\$ -	\$ -	\$ -
Gain(loss) recorded to other comprehensive income	(430,751)	-	(430,751)	(430,751)
Tax benefit (expense)	146,457	-	146,457	146,457

Other comprehensive income (loss)	(284,294)	-	(284,294)
Accumulated OCI	<u>\$ (284,294)</u>	<u>\$ -</u>	<u>\$ (284,294)</u>

17 . SUMMARY QUARTERLY FINANCIAL DATA (unaudited)

	Three Months Ended (unaudited)			
	March 30 2014	June 29 2014	September 28 2014	December 28 2014
Revenue	\$ 30,473,014	\$ 30,009,621	\$ 32,782,092	\$ 35,148,721
Operating profit (loss)	778,170	291,659	185,059	(1,897,168)
Income (loss) before income taxes	314,799	(179,368)	(230,209)	(2,880,455)
Net income (loss)	<u>\$ 367,857</u>	<u>\$ (100,496)</u>	<u>\$ (182,109)</u>	<u>\$ (1,353,749)</u>
Basic earnings per share	<u>\$ 0.01</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.05)</u>
Fully diluted earnings per share	<u>\$ 0.01</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.05)</u>
Weighted average number of common shares outstanding				
Basic	26,048,805	26,067,958	26,107,627	26,147,287
Diluted	26,153,595	26,067,958	26,107,627	26,147,287

	Three Months Ended (unaudited)			
	March 31	June 30	September	December 29
	2013	2013	2013	2013
Revenue	\$ 27,079,114	\$ 26,962,970	\$ 26,368,090	\$ 28,475,965
Operating profit (loss)	807,112	531,860	307,749	(206,444)
Income (loss) before income taxes	340,220	(31,553)	55,366	(491,175)
Net income (loss)	<u>\$ 238,400</u>	<u>\$ 3,637</u>	<u>\$ 69,810</u>	<u>\$ (177,539)</u>
Basic earnings per share	<u>\$ 0.01</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ (0.01)</u>
Fully diluted earnings per share	<u>\$ 0.01</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ (0.01)</u>
Weighted average number of common shares outstanding				
Basic	18,959,846	24,680,247	26,054,118	26,054,443
Diluted	19,094,786	24,810,611	26,186,263	26,054,443

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of December 28, 2014, an evaluation was performed under the supervision of and with the participation of our management, including our principal executive and principal financial officers, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our management, including our principal executive and principal financial and accounting officers, concluded that our disclosure controls and procedures were effective as of December 28, 2014.

Evaluation of Internal Control and Procedures

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). There are inherent limitations in the effectiveness of any system of internal control. Accordingly, even an effective system of internal control can provide only reasonable assurance with respect to financial statement preparation.

Under the supervision and with the participation of our management, including our principal executive and principal financial and accounting officers, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 28, 2014. This evaluation was based on criteria for effective internal control over financial reporting described in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework). Based on our evaluation under the framework in Internal Control — Integrated Framework, our management concluded that our internal control over financial reporting was not effective as of December 28, 2014. Refer to page 37 for management's report. Our management team has reviewed and discussed the material weakness identified in management's report with the Audit Committee and is in the process of developing and implementing an action plan to resolve it.

Our independent registered public accounting firm has issued an audit report on our internal control over financial reporting which is included in this Annual Report.

Changes in Internal Control Over Financial Reporting

There was a change in the Company's internal control over financial reporting during the quarter ended December 28, 2014, as discussed on page 37, that has materially affected, or is reasonably likely to materially affect the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Diversified Restaurant Holdings, Inc. and Subsidiaries
Southfield, Michigan

We have audited Diversified Restaurant Holdings, Inc. and Subsidiaries' internal control over financial reporting as of December 28, 2014, based on criteria established in Internal Control – Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Diversified Restaurant Holdings, Inc. and Subsidiaries' management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Report By Diversified Restaurant Holding, Inc.'s Management on Internal Controls Over Financial Reporting". Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and described in management's assessment. The Company's internal control related to financial reporting was not effective to ensure the effective design of internal control and that an effective evaluation and review of complex accounting matters had occurred. Specifically, the initial evaluation of long-lived assets for impairment was not sufficient under generally accepted accounting principles, the evaluation of the accounting for modifications made under the Company's borrowing arrangements reached an incorrect conclusion and there was an inadequate evaluation of the realization of deferred tax assets. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2014 financial statements, and this report does not affect our report dated March 13, 2015 on those financial statements.

In our opinion, Diversified Restaurant Holdings, Inc. and Subsidiaries did not maintain, in all material respects, effective internal control over financial reporting as of December 28, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Diversified Restaurant Holdings, Inc. and Subsidiaries as of December 28, 2014 and December 29, 2013 and the related consolidated statements of comprehensive income (loss), stockholders' equity (deficit), and cash flows for each of the three fiscal years in the period ended December 28, 2014 and our report dated March 13, 2015 expressed an unqualified opinion on those consolidated financial statements.

/s/ BDO USA, LLP

Troy, Michigan
March 13, 2015



PART III

Certain information required by this Part III is omitted from this report and is incorporated by reference to our Definitive Proxy Statement to be filed with the Securities and Exchange Commission in connection with the Annual Meeting of Stockholders to be held in 2015 (the “Proxy Statement”).

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated by reference to the Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to the Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference to the Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to the Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference to the Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) Financial Statements. The following financial statements and reports of independent registered public accounting firms of Diversified Restaurant Holdings and its subsidiaries are filed as part of this report:

- Reports of Independent Registered Public Accounting Firm — BDO USA, LLP
- Report by Diversified Restaurant Holdings, Inc.'s Management on Internal Control Over Financial Reporting
- Consolidated Balance Sheets as of December 28, 2014 and December 29, 2013
- Consolidated Statements of Operations for the Fiscal Years Ended December 28, 2014, December 29, 2013, and December 30, 2012
- Consolidated Statement of Comprehensive Income for the Fiscal Years Ended December 28, 2014, December 30, 2013, and December 30, 2012
- Consolidated Statement of Stockholders' Equity for the Fiscal Years Ended December 28, 2014, December 29, 2013, and December 30, 2012
- Consolidated Statements of Cash Flows for the Fiscal Years Ended December 28, 2014, December 29, 2013, and December 30, 2012
- Notes to Consolidated Financial Statements

The consolidated financial statements, the notes to the consolidated financial statements, and the reports of independent registered public accounting firm listed above are contained in Item 8 of this report.

(2) Financial Statement Schedules

Not applicable

(b) Index to Exhibits required by Item 601 of Regulation S-K:

EXHIBIT NO.	EXHIBIT DESCRIPTION
2.1	Purchase Agreement dated July 13, 2012 (incorporated by reference to Exhibit 2.1 of our Form 8-K filed September 28, 2012)
2.2	Asset Purchase Agreement between the Company and Screamin' Hot Florida, LLC and Screamin' Hot Trinity, LLC, dated April 1, 2014 (incorporated by reference to Exhibit 10.2 of our Form 10-Q filed May 9, 2014).
2.3	First Amendment to Asset Purchase Agreement, dated May 27, 2014 (incorporated by reference to Exhibit 2.2 of our Form 8-K filed July 2, 2014).
2.4	Purchase and Sale Agreement dated as of October 6, 2014 (incorporated by reference to Exhibit 2.1 of our Form 8-K filed November 6, 2014)
2.5	Amendment to Purchase and Sale Agreement dated as of October 30, 2014 (incorporated by reference to Exhibit 2.2 of our Form 8-K filed November 6, 2014)
2.6	Form of Lease (incorporated by reference to Exhibit 2.3 of our Form 8-K filed November 6, 2014)

- 2.7 Form of Lease Amendment (incorporated by reference to Exhibit 2.4 of our Form 8-K filed November 6, 2014)
- 3.1 Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of our registration statement on Form SB-2 (SEC File Number 333-145316) filed on August 10, 2007)
- 3.2 Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 of our Form 8-K filed August 29, 2012)
- 3.3 First Amendment to Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 of our Form 8-K filed October 31, 2012)
- 4.1 Specimen Stock Certificate (incorporated by reference to Exhibit 4.1 of our registration statement on Form SB-2 (SEC File Number 333-145316) filed on August 10, 2007)
- 10.1 Buffalo Wild Wings Area Development Agreement dated July 18, 2003, by and between Buffalo Wild Wings International, Inc. and MCA Enterprises, Inc. (subsequently assigned to AMC Wings, Inc., a wholly-owned subsidiary of the Company) (incorporated by reference to Exhibit 10.3 of our Form 10-Q filed November 12, 2010)
- 10.3 Amendment to Buffalo Wild Wings Area Development Agreement dated December 27, 2003 (incorporated by reference to Exhibit 10.12 of our Form 10-Q filed November 12, 2010)
- 10.4 Transfer Agreement dated March 20, 2007, by MCA Enterprises Brandon, Inc. (formerly MCA Enterprises, Inc.), T. Michael Ansley, Mark C. Ansley, Thomas D. Ansley, Steven Menker, Jason Curtis and AMC Wings, Inc. and Buffalo Wild Wings International, Inc. (incorporated by reference to Exhibit 10.4 of our Form 10-Q filed November 12, 2010)
- 10.5 Amendment to Buffalo Wild Wings Area Development Agreement dated March 20, 2007 (incorporated by reference to Exhibit 10.5 of our Form 10-Q filed November 12, 2010)
- 10.6 Amendment to Buffalo Wild Wings Area Development Agreement dated November 5, 2007 (incorporated by reference to Exhibit 10.5 of our Form 10-Q filed November 12, 2010)
- 10.7 Form of Stock Option Agreement (incorporated by reference to Exhibit 10.1 of our Form 8-K filed August 5, 2010)*
- 10.8 Form of Stock Option Agreement, dated July 30, 2007, entered into by and between the Company and Directors Gregory Stevens, T. Michael Ansley, Jay Alan Dusenberry, Jason T. Curtis and David Ligotti (incorporated by reference to Exhibit 10.24 of our Form 10-K filed March 26, 2010)*
- 10.9 Diversified Restaurant Holdings, Inc. Performance Bonus Plan (incorporated by reference to Exhibit 10.1 of our Form 8-K filed March 11, 2013)*
- 10.10 2013 Diversified Restaurant Holdings, Inc. Short-Term Incentive Program (incorporated by reference to Exhibit 10.2 of our Form 8-K filed March 11, 2013)*
- 10.11 \$62M Senior Secured Credit Facility with RBS Citizens, N.A., as administrative agent, Wells Fargo Bank, N.A., as documentation agent, and the other banks party thereto, dated April 15, 2013 (incorporated by reference to Exhibit 10.1 of our form 8-K filed April 15, 2013)
- 10.12 Second Amendment to Credit Agreement dated March 20, 2014 (incorporated by reference to Exhibit 10.1 of our Form 8-K filed March 26, 2014)
- 10.13 \$77.0M Senior Secured Credit Facility with RBS Citizens, N.A., as administrative agent, dated December 16, 2014
- 21 Subsidiaries of Diversified Restaurant Holdings, Inc.
- 23 Consent of BDO USA, LLP
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a)
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a)
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350

32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350

101.INS XBRL Instance Document

101.SCH XBRL Taxonomy Extension Schema Document

101.CAL XBRL Taxonomy Extension Calculation Document

101.DEF XBRL Taxonomy Extension Definition Document

101.LAB XBRL Taxonomy Extension Labels Document

101.PRE XBRL Taxonomy Extension Presentation Document

* Management contract or compensatory plan

Signatures

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

Dated: March 13, 2015

DIVERSIFIED RESTAURANT HOLDINGS, INC.

By: /s/ T. Michael Ansley
T. Michael Ansley
President, Chief Executive Officer, Director
Chairman of the Board, and Principal Executive
Officer

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ T. Michael Ansley
T. Michael Ansley
President, Chief Executive Officer, Director,
Chairman of the Board, and Principal Executive Officer

Dated: March 13, 2015

/s/ David G. Burke
David Gregory Burke
Treasurer, Chief Financial Officer, Director, Principal
Financial Officer,
and Principal Accounting Officer

Dated: March 13, 2015

/s/ Jay Alan Dusenberry
Jay Alan Dusenberry
Secretary, Director

Dated: March 13, 2015

/s/ David Ligotti
David Ligotti
Director

Dated: March 13, 2015

/s/ Gregory J. Stevens
Gregory J. Stevens
Director

Dated: March 13, 2015

/s/ Joseph M. Nowicki
Joseph M. Nowicki
Director

Dated: March 13, 2015

/s/ Philip Friedman
Philip Friedman
Director

Dated: March 13, 2015

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- 10.8 Form of Stock Option Agreement, dated July 30, 2007, entered into by and between the Company and Directors Gregory Stevens, T. Michael Ansley, Jay Alan Dusenberry, Jason T. Curtis and David Ligotti (incorporated by reference to Exhibit 10.24 of our Form 10-K filed March 26, 2010)*
- 10.9 Diversified Restaurant Holdings, Inc. Performance Bonus Plan (incorporated by reference to Exhibit 10.1 of our Form 8-K filed March 11, 2013)*
- 10.10 2013 Diversified Restaurant Holdings, Inc. Short-Term Incentive Program (incorporated by reference to Exhibit 10.2 of our Form 8-K filed March 11, 2013)*
- 10.11 \$62M Senior Secured Credit Facility with RBS Citizens, N.A., as administrative agent, Wells Fargo Bank, N.A., as documentation agent, and the other banks party thereto, dated April 15, 2013 (incorporated by reference to Exhibit 10.1 of our form 8-K filed April 15, 2013)
- 10.12 Second Amendment to Credit Agreement dated March 20, 2014 (incorporated by reference to Exhibit 10.1 of our Form 8-K filed March 26, 2014)
- 10.13 \$77.0M Senior Secured Credit Facility with RBS Citizens, N.A., as administrative agent, dated December 16, 2014
- 21 Subsidiaries of Diversified Restaurant Holdings, Inc.
- 23 Consent of BDO USA, LLP
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a)
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a)
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350

- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350
- 101.INS XBRL Instance Document
- 101.SCH XBRL Taxonomy Extension Schema Document
- 101.CAL XBRL Taxonomy Extension Calculation Document
- 101.DEF XBRL Taxonomy Extension Definition Document
- 101.LAB XBRL Taxonomy Extension Labels Document
- 101.PRE XBRL Taxonomy Extension Presentation Document
- * Management contract or compensatory plan

AMENDED AND RESTATED

CREDIT AGREEMENT

by and among

The Borrowers, Party Hereto

and

CITIZENS BANK, NATIONAL ASSOCIATION, as Sole Lead Arranger, Sole Bookrunner, Swingline Lender and Administrative Agent

and

The other Lenders, Party Hereto

**Dated as of
December 16 , 2014**

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THIS AMENDED AND RESTATED CREDIT AGREEMENT is dated as of December 16, 2014 by and among the undersigned borrowers, each having a mailing address at 27680 Franklin Road Southfield, MI 48034 (each, a “ **Borrower** ” and collectively, the “ **Borrowers** ”, as defined in Appendix I), each lender from time to time party hereto (collectively the “ **Lenders** ” and individually, a “ **Lender** ”), Citizens Bank, National Association, as Administrative Agent for itself and on behalf of the other Lenders, Sole Lead Arranger, Sole Bookrunner, Swingline Lender and as a Lender.

WHEREAS , the Administrative Agent, the Lenders and certain of the Borrowers entered into a Credit Agreement dated as of April 15, 2013, as amended by First Amendment to Credit Agreement dated as of August 15, 2013, Second Amendment to Credit Agreement dated as of March 20, 2014, and by Third Amendment to Credit Agreement dated as of October 31, 2014, covering the Original Loan Facilities (the “Original Credit Agreement”); and

WHEREAS , the Borrowers have requested that the obligations under the Original Credit Agreement and Original Loan Facilities be refinanced and that the Development Line of Credit Loan II be eliminated; and

WHEREAS , the Borrowers have requested and the Lenders have agreed to amend and restate the Original Credit Agreement as provided herein.

NOW THEREFORE , in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Borrowers and the Lenders agree as follows with regard to the loans described herein (together the “ **Loans** ”):

SECTION 1. Definitions, other Interpretive Provisions and Authorized Representatives. The terms used in this Agreement are defined in **Appendix I** hereto.

With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any organization document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (iii) the words “herein,” “hereof” and “hereunder,” and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Sections, Exhibits and Schedules shall be construed to refer to Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including;” the words “to” and “until” each mean “to but excluding;” and the word “through” means “to and including.”

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

(d) The Administrative Agent and each of the Lenders are authorized to rely upon the continuing authority of the persons, officers, signatories or agents hereafter designated by the Borrowers (hereinafter, the “ **Authorized Representatives** ”) to bind the Borrowers with respect to all matters pertaining to the Loans and the Loan Documents including the requesting of Borrowings, the selection of and confirmation of interest rates, the delivery and certification of financial information (including without limitation the reports, certification and information required to be delivered pursuant to Section 11.4 hereof). Such authorization may be changed only upon written notice to the Administrative Agent accompanied by evidence, reasonably satisfactory to Administrative Agent, of the authority of the person giving such notice and such notice shall be effective not sooner than five (5) Business Days following receipt thereof by Administrative Agent. The present Authorized Representatives of the Borrowers are listed on Exhibit 1 . The Administrative Agent shall have a right of approval, not to be unreasonably withheld or delayed, over the identity of any replacement of the Authorized Representatives so as to assure Administrative Agent and each of the Lenders that each Authorized Representative is a responsible and senior official of the Borrowers. Any document delivered in connection with this Agreement or any of the Loan Documents (before, on or after the Closing Date) that is signed by an Authorized Representative of a Borrower shall be conclusively presumed to have been authorized by all corporate, partnership or other action on the part of such Borrower and such Authorized Representatives shall be conclusively presumed to have acted on behalf of such Borrower.

(e) All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein. Notwithstanding the foregoing, for the purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the Borrowers and their Subsidiaries shall be deemed to be carried out at 100% of the outstanding principal amount thereof and the effects of FASB ASC 825 and FASB ASC 470 20 on financial liabilities shall be disregarded.

(f) If at any time any change in GAAP (including the adoption of IFRS) would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrowers or the Required Lenders shall so request, the Administrative Agent, the Lenders, the Swingline Lender and the Borrowers shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrowers shall provide to the Administrative Agent, the Lenders and the Swingline Lender financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Without limiting the foregoing, leases (whether existing on the date hereof or entered into following the date hereof, including, without limitation, leases by any Borrower or any Subsidiary of any Borrower for any aircraft to the extent permitted by this Agreement) shall continue to be classified and accounted for on a basis consistent with the way such lease was treated (or if not then existing, would have been treated) in the Audited Financial Statements for all purposes of this Agreement, notwithstanding any change in GAAP relating thereto, unless the parties hereto shall enter in to a mutually acceptable amendment addressing such changes, as provided for above.

(g) Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

SECTION 2. The Commitments and Loans

2.1 Committed Loans .

Subject to the terms and conditions set forth herein, each Lender and the Swingline Lender severally agrees to make the Loans to the Borrowers, in an aggregate amount not to exceed at any time outstanding the amount of such Lender's Commitment.

SECTION 3. \$56,000,000.00 Term Loan Facility.

3.1 Term Loan . Subject to the terms and conditions of this Agreement and any other conditions which the Administrative Agent may have specified in writing to the Borrowers, the Lenders agree to make a loan to the Borrowers in the aggregate principal amount of \$56,000,000.00 (the “ **Term Loan** ”). The Term Loan shall be evidenced by the promissory notes substantially in the form of Exhibit 3.1 attached hereto (as the same may be amended or replaced, the “ **Term Notes** ”).

3.2 Purpose of the Term Loan . The proceeds of the Term Loan shall be used to (i) refinance existing outstanding obligations of the Borrowers to the Lenders under the Original Loan Facilities, and (ii) pay the fees, costs and expenses associated with the closing of the Loans.

3.3 Funding of the Term Loan . Subject to the terms and conditions of this Agreement, upon receipt by the Administrative Agent of each Lender's Applicable Percentage of the proceeds of the Term Loan, such proceeds will be made available to the Borrowers on the Funding Date, to be disbursed by the Administrative Agent (or its counsel) in like funds as received by the Administrative Agent from the Lenders to the Lenders to refinance the existing outstanding obligations of the Borrowers to the Lenders under the Original Loan Facilities. Except as provided below, the Term Loan will initially be a LIBOR Rate Loan provided that at least three (3) Business Days prior to the Closing Date the Borrowers deliver to the Administrative Agent an Initial Notice of Borrowing for a Term Loan (in the form attached hereto as Exhibit 3.3) (“Initial Notice of Borrowing”) and a funding indemnity letter, substantially in the form of Exhibit 3.3(i), reasonably acceptable to the Administrative Agent. If the funding indemnity letter is not so delivered to the Administrative Agent, then the Term Loan will initially be an Alternate Base Rate Loan. LIBOR Rate Loans shall be made by each Lender at its LIBOR Lending Office and Alternate Base Rate Loans (to the extent applicable) at its Domestic Lending Office. Amounts repaid or prepaid on the Term Loan may not be reborrowed.

3.4 Payments . The Borrowers shall pay interest on the aggregate unpaid principal amount of the Term Loan in accordance with the terms of this Agreement and the Term Notes. Payments of principal shall be based upon an 84-month straight-line amortization schedule, provided that the final installment shall be in the amount of all principal and interest outstanding under the Term Loan, and that the final installment, if not earlier due hereunder, shall be payable on the Term Loan Maturity Date. Principal shall be repaid in the amounts and at the times set forth in Term Loan Repayment Schedule set forth in Exhibit 3.4 attached hereto.

SECTION 4. \$20,000,000.00 Development Line of Credit Loan.

4.1 Development Line of Credit Loan. Lenders agree, on the terms and conditions hereinafter set forth, to provide a line of credit to the Borrowers (“**Development Line of Credit Loan**”), and the Administrative Agent shall, subject to the terms and conditions of this Agreement, upon receipt by the Administrative Agent of each Lender’s Applicable Percentage of the proceeds of each request for an advance made in a Notice of Borrowing for the Development Line of Credit Loan (in the form attached hereto as Exhibit 4.3), make advances (“**Line Advances**”) to the Borrowers from time to time during the period from the date hereof to and including December 16, 2016 (the “**Development Line Termination Date**”) in an aggregate amount not to exceed at any time outstanding \$20,000,000.00 (the “**Development Line Committed Amount**”), and provided further that for each Lender its aggregate amount of Line Advances shall not exceed such Lender’s Commitment with respect to the Development Line of Credit Loan. The aggregate amount of all Line Advances plus the outstanding amount of all Swingline Loans shall not at any time exceed the Development Line Committed Amount. Each Line Advance under this Section 4.1 shall be in an amount of not less than \$75,000.00. Borrowers may not repay and reborrow under this Section 4.1. No Line Advance will be made at any time after the Development Line Termination Date, or at any time that a Default or an Event of Default has occurred and is continuing hereunder. The Development Line of Credit Loan shall be evidenced by the promissory notes substantially in the form of Exhibit 4.1 attached hereto (as the same may be amended or replaced, the “**Development Line of Credit Notes**”).

4.2 Purpose of the Development Line of Credit Loan. Subject to the terms and conditions contained herein, the proceeds of the Development Line of Credit Loan shall be used to (i) finance up to 80% of the cost of leasehold improvements and equipment associated with the development of new Buffalo Wild Wings Restaurants (each a “**BWW Development Advance**”), (ii) finance up to 70% of the cost of leasehold improvements and equipment associated with new Bagger Dave’s Legendary Burger Tavern Restaurants (each a “**BD Development Advance**”) (provided however that under no circumstances shall the aggregate amount of all BD Development Advances exceed 50% of the entire amounts available under the Development Line of Credit Loan (or \$10,000,000.00)), (iii) finance up to 80% of the lesser of (a) the appraised value of (as determined by the Administrative Agent), or (b) the actual cost of the acquisition of, fee real estate acquired by the Borrowers or an Affiliate of the Borrowers approved by the Administrative Agent on which the Borrowers or Affiliate of the Borrowers will operate a Buffalo Wild Wings Restaurant or a Bagger Dave’s Legendary Burger Tavern Restaurant (each a “**Real Estate Advance**”), (iv) pay the fees, costs and expenses associated with the transactions listed in (i), (ii), and (iii) above and in connection with the closing of the Loans. All Line Advances shall be conditioned on the satisfaction of the Incurrence Test defined in Section 9.1(vii) herein. Notwithstanding anything herein to the contrary, the Borrowers may not build-out/develop more than eight (8) Bagger Dave’s Legendary Burger Tavern Restaurants during fiscal year 2015, or more than more than eight (8) Bagger Dave’s Legendary Burger Tavern Restaurants during fiscal year 2016.

4.3 Funding of Advances under the Development Line of Credit Loan . Subject to the terms and conditions contained herein, any Borrower may, from time to time, irrevocably request a Line Advance by delivering to the Administrative Agent a written Notice of Borrowing for the Development Line of Credit Loan (in the form attached hereto as Exhibit 4.3) not later than 2:00 P.M. (i) on the third Business Day prior to the date of the requested Borrowing for LIBOR Rate Loans, and (ii) on the first Business Day prior to the date of the requested Borrowing for Alternate Base Rate Loans. Each such Notice of Borrowing shall be irrevocable and shall specify (A) that a Line Advance is requested, (B) the date of the requested Borrowing (which shall be a Business Day), (C) whether the Borrowing is a BWW Development Advance, a BD Development Advance or a Real Estate Advance, (D) the aggregate principal amount to be borrowed, and (E) whether the Borrowing shall be comprised of Alternate Base Rate Loans, LIBOR Rate Loans or a combination thereof, and if LIBOR Rate Loans are requested, the Interest Period(s) therefore, which shall be a period of one month or one week. If the Borrowers shall fail to specify in any such Notice of Borrowing (i) an applicable Interest Period in the case of a LIBOR Rate Loan, then such notice shall be deemed a request for an Interest Period of one month, or (ii) the Type of loan requested, then such notice shall be deemed to be a request for a LIBOR Rate Loan with an Interest Period of one month. The Administrative Agent shall give notice to each Lender promptly upon receipt of each Notice of Borrowing hereunder, the contents thereof and each such Lender's Applicable Percentage thereof.

4.4 Availability of Advances . Each Lender will make its Applicable Percentage of each Line Advance Borrowing available to the Administrative Agent for the account of the Borrowers at the office of the Administrative Agent specified in Section 19.13, or at such other office as the Administrative Agent may designate in writing, by 1:00 P.M. on the date specified in the applicable Notice of Borrowing, in Dollars and in funds immediately available to the Administrative Agent. The Administrative Agent will, upon receipt by the Administrative Agent of each Lender's Applicable Percentage of the proceeds of the requested Line Advance, make a Line Advance as a LIBOR Rate Loan or an Alternate Base Rate Loan (as the case may be) which will be made in a minimum amount of \$75,000.00 and in integral multiples of \$10,000.00, provided that after giving effect to such Line Advance, the aggregate amount of all Line Advances, plus the outstanding amount of all Swingline Loans shall not exceed \$20,000,000.00, and provided further that the aggregate of all BD Development Advances shall not at any time exceed \$10,000,000.00. On the terms and subject to the conditions of this Agreement, the proceeds of each Line Advance shall be made available to the Borrowers by deposit to an account designated by the Borrowers as shall have been specified in the Notice of Borrowing no later than 11:00 a.m. on the third or first Business Day (as applicable) following receipt of a proper request. Additional conditions to making Line Advances are contained in Sections 9.1 and 9.2 hereof.

4.5 Development Line Commitment Fee . Accruing from the date hereof until the Development Line Termination Date, the Borrowers agree to pay to the Administrative Agent for the ratable benefit of the Lenders in accordance with their Applicable Percentage, as consideration for the Lenders' commitment to make the Line Advances hereunder, a nonrefundable commitment fee (the “ **Development Line Commitment Fee** ”) equal to 0.25% per annum (computed on the basis of a year of 360 days and actual days elapsed) on the average daily difference between the amount of: (a) \$20,000,000.00, and (b) all Line Advances outstanding for the quarterly period then ended. All Development Line Commitment Fees shall be payable quarterly in arrears on the first day of each October, January, April and July after the date hereof and on the Development Line Termination Date or upon acceleration of the Development Line of Credit Notes, if earlier.

4.6 Development Line of Credit Notes . Until converted to a Conversion Obligation, the Borrowers shall pay interest only on the aggregate unpaid principal amount of all Line Advances made by Administrative Agent in accordance with the terms of this Agreement and with the Development Line of Credit Notes evidencing the indebtedness resulting from such Line Advances. The outstanding balance of the Development Line of Credit Loan (except to the extent converted to a Conversion Obligation) shall be payable as to interest only from the date of this Agreement until the Line Termination Date, unless accelerated sooner pursuant to the terms of this Agreement.

4.7 Repayment of Principal on the Development Line of Credit Loan .

(a) First Conversion Date . On the date which is the earlier of (i) the first anniversary of the Closing Date, or (ii) the date on which the Development Line of Credit Loan has been fully advanced (the “ **First Conversion Date** ”), the then aggregate unpaid principal balance of all Line Advances made under the Development Line of Credit Loan as of such date (the “ **First Conversion Amount** ”) shall be termed out, and such amount payable monthly as to interest and principal based on the following amortization schedules:

(i) the aggregate unpaid principal balances of all Line Advances used to finance or refinance (or is otherwise based on) equipment costs or improvements on sites leased by any Borrower (or New Affiliate) with respect to Space Leases, shall be payable as to principal based on an eighty-four (84) month amortization schedule, (ii) the aggregate unpaid principal balance of all Line Advances used to finance or refinance (or is otherwise based on) equipment costs or improvements on sites leased by any Borrower (or New Affiliate) with respect to Ground Leases, shall be payable as to principal based on a one hundred and forty-four (144) month amortization schedule, and, (iii) the aggregate unpaid principal balances of all Line Advances used to finance (or is otherwise based on) the acquisition and development costs of fee simple real estate by any of the Borrowers (or New Affiliate), shall be payable as to principal based on a one hundred and eighty (180) month amortization schedule. The obligation to pay the First Conversion Amount based on the amortization schedules provided above shall be known as the (“ **First Conversion Obligation** ”). The Administrative Agent shall provide the Borrowers with Conversion Obligation payment schedules within thirty (30) days of the First Conversion Date. All unpaid principal balances and accrued interest outstanding under the First Conversion Obligation shall be due and payable on the Term Loan Maturity Date. Unless otherwise prohibited by this Agreement, the First Conversion Obligation shall initially be classified as LIBOR Rate Loans having an Interest Period of one month. The First Conversion Obligation will not be termed if on the First Conversion Date, there exists a Default or an Event of Default, in which case the aggregate unpaid principal balance of all Line Advances made under the Development Line of Credit Loan and all accrued interest thereon shall be due and payable upon acceleration but no later than on the Development Line Termination Date (unless earlier accelerated). Once termed out, the First Conversion Amount shall be deducted from the availability under the Development Line of Credit Loan and the Borrowers shall not be permitted to borrow said amounts thereafter under the Development Line of Credit Loan.

(b) Second Conversion Date. Commencing on the day following the First Conversion Date until the second anniversary of the Closing Date (also known as the Development Line of Credit Termination Date), the Borrowers may borrow the unused portion of the Development Line of Credit Loan on the same terms provided in Sections 4.1, 4.2, 4.3 and 4.4 hereof. On the date which is the earlier of (i) the second anniversary of the Closing Date, or (ii) the date on which the Development Line of Credit Loan has been fully advanced (the “ **Second Conversion Date** ”), the then aggregate unpaid principal balance of all Line Advances made under the Development Line of Credit Loan as of such date (the “ **Second Conversion Amount** ”) shall be termed out, and such amount payable monthly as to interest and principal based on the following amortization schedules:

(i) the aggregate unpaid principal balances of all Line Advances used to finance or refinance (or is otherwise based on) equipment costs or improvements on sites leased by any Borrower (or New Affiliate) with respect to Space Leases, shall be payable as to principal based on an eighty-four (84) month amortization schedule, (ii) the aggregate unpaid principal balance of all Line Advances used to finance or refinance (or is otherwise based on) equipment costs or improvements on sites leased by any Borrower (or New Affiliate) with respect to Ground Leases, shall be payable as to principal based on a one hundred and forty-four (144) month amortization schedule, and, (iii) the aggregate unpaid principal balances of all Line Advances used to finance (or is otherwise based on) the acquisition and development costs of fee simple real estate by any of the Borrowers (or New Affiliate), shall be payable as to principal based on a one hundred and eighty (180) month amortization schedule. The obligation to pay the Second Conversion Amount based on the amortization schedules provided above shall be known as the (“ **Second Conversion Obligation** ”). The Administrative Agent shall provide the Borrowers with Conversion Obligation payment schedules within thirty (30) days of the Second Conversion Date. All unpaid principal balances and accrued interest outstanding under the Second Conversion Obligation shall be due and payable on the Term Loan Maturity Date. Unless otherwise prohibited by this Agreement, the Second Conversion Obligation shall initially be classified as LIBOR Rate Loans having an Interest Period of one month. The Second Conversion Obligation will not be termed if on the Second Conversion Date, there exists a Default or an Event of Default, in which case the aggregate unpaid principal balance of all Line Advances made under the Development Line of Credit Loan and all accrued interest thereon shall be due and payable upon acceleration but no later than on the Development Line Termination Date (unless earlier accelerated). The Borrowers shall no longer be permitted to borrow under the Development Line of Credit Loan following the Second Conversion Date.

SECTION 5. Swingline Loan Subfacility

5.1 Swingline Commitment. During the Swingline Commitment Period, subject to the terms and conditions hereof, the Swingline Lender, in its individual capacity, may, in its discretion and in reliance upon the agreements of the other Lenders set forth in this Section, make certain credit loans to the Borrowers (each a “ **Swingline Loan** ” and, collectively, the “ **Swingline Loans** ”) for the purposes hereinafter set forth; provided, however, (i) the aggregate principal amount of Swingline Loans outstanding at any time shall not exceed **ONE MILLION DOLLARS (\$1,000,000.00)** (the “ **Swingline Committed Amount** ”), and (ii) the sum of the aggregate principal amount of outstanding Swingline Loans plus the outstanding amount of all Line Advances shall not exceed the Development Line Committed Amount then in effect. Swingline Loans hereunder may be repaid and reborrowed in accordance with the provisions hereof.

5.2 Swingline Loan Borrowings.

(a) Notice of Borrowing and Disbursement. Upon receiving a Notice of Borrowing for a Swingline Loan (in the form attached hereto as Exhibit 5.2(a)) from the Borrowers not later than 12:00 P.M. on any Business Day requesting that a Swingline Loan be made, the Swingline Lender will make Swingline Loans available to the Borrower on the same Business Day such request is received by the Administrative Agent. Swingline Loan Borrowings hereunder shall be made in the minimum aggregate amounts of \$75,000.00 (or the remaining available amount of the Swingline Committed Amount if less) and in integral amounts of \$75,000.00 in excess thereof, and shall specify whether the Borrowing is a BWW Development Advance, a BD Development Advance or a Real Estate Advance.

(b) Repayment of Swingline Loans. Each Swingline Loan Borrowing shall be due and payable on the earlier of (A) the Development Line Termination Date and (B) seven (7) days following such Borrowing. The Swingline Lender may, at any time, in its sole discretion, by written notice to the Borrowers and the Administrative Agent, demand repayment of its Swingline Loans by way of a Development Line of Credit Loan Borrowing, in which case the Borrower shall be deemed to have requested a Development Line of Credit Loan Borrowing comprised entirely of Alternate Base Rate Loans in the amount of such Swingline Loans; provided, however, that, in the following circumstances, any such demand shall also be deemed to have been given one Business Day prior to each of (A) the Development Line Termination Date, (B) the occurrence of any Bankruptcy Event, (C) upon acceleration of the Obligations hereunder, whether on account of a Bankruptcy Event or any other Event of Default, and (D) the exercise of remedies in accordance with the provisions of Section 15 hereof (each such Development Line of Credit Loan Borrowing made on account of any such deemed request therefor as provided herein being hereinafter referred to as “**Mandatory Swingline Borrowing**”). Each Lender hereby irrevocably agrees to make such Development Line of Credit Loans promptly upon any such request or deemed request on account of each Mandatory Swingline Borrowing in the amount and in the manner specified in the preceding sentence on the date such notice is received by the Lenders from the Administrative Agent if such notice is received at or before 2:00 P.M., otherwise such payment shall be made at or before 12:00 P.M. on the Business Day next succeeding the date such notice is received notwithstanding (1) the amount of Mandatory Swingline Borrowing may not comply with the minimum amount for borrowings of Development Line of Credit Loans otherwise required hereunder, (2) whether any conditions specified in Sections 9.1 and 9.2 are then satisfied, (3) whether a Default or an Event of Default then exists, (4) failure of any such request or deemed request for Development Line of Credit Loans to be made by the time otherwise required in Section 4.1, (5) the date of such Mandatory Swingline Borrowing, or (6) any reduction in the Development Line Committed Amount or termination of the Commitments for the Development Line of Credit Loan immediately prior to such Mandatory Swingline Borrowing or contemporaneously therewith. In the event that any Mandatory Swingline Borrowing cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the Bankruptcy Code), then each Lender hereby agrees that it shall forthwith purchase (as of the date the Mandatory Swingline Borrowing would otherwise have occurred, but adjusted for any payments received from the Borrowers on or after such date and prior to such purchase) from the Swingline Lender the outstanding Swingline Loans as shall be necessary to cause each such Lender to share in such Swingline Loans ratably based upon its Applicable Percentage (determined before giving effect to any termination of the Commitments pursuant to Section 4.1); provided that (x) all interest payable on the Swingline Loans shall be for the account of the Swingline Lender until the date as of which the respective Applicable Percentage is purchased, and (y) at the time any purchase of interest pursuant to this sentence is actually made, the purchasing Lender shall be required to pay to the Swingline Lender interest on the principal amount of such interest purchased for each day from and including the day upon which the Mandatory Swingline Borrowing would otherwise have occurred to but excluding the date of payment for such interest, at the rate equal to, if paid within two (2) Business Days of the date of the Mandatory Swingline Borrowing, the Federal Funds Effective Rate, and thereafter at a rate equal to the Alternate Base Rate. The Borrowers shall have the right to repay the Swingline Loan in whole or in part from time to time in accordance with Section 8.3.

(c) Interest on Swingline Loans. Subject to the provisions of Section 7, Swingline Loans shall bear interest at a per annum rate equal to the LIBOR Advantage Rate plus the Applicable Margin. Interest on Swingline Loans shall be payable in arrears on each Interest Payment Date.

(d) Swingline Loan Note; Covenant to Pay. The Swingline Loans shall be evidenced by this Agreement and, upon request of the Swingline Lender, by a duly executed promissory note of the Borrowers in favor of the Swingline Lender in the original amount of the Swingline Committed Amount and substantially in the form of Exhibit 5.2. The Borrowers covenant and agree to pay the Swingline Loans in accordance with the terms of this Agreement.

(e) Cash Collateral. At any point in time in which there is a Defaulting Lender, the Swingline Lender may require the Borrowers to Cash Collateralize the outstanding Swingline Loans pursuant to Section 18.

SECTION 6. \$1,000,000.00 Revolving Line of Credit Loan.

6.1 Revolving Line of Credit Loan. Lenders agree, on the terms and conditions hereinafter set forth (including without limitation, the conditions contained in Section 11.13 of this Agreement), to provide a line of credit to the Borrowers (“**Revolving Line of Credit Loan**”), and the Administrative Agent shall, subject to the terms and conditions of this Agreement, upon receipt by the Administrative Agent of each Lender’s Applicable Percentage of the proceeds of each request for an advance made in a Notice of Borrowing for the Revolving Line of Credit Loan (in the form attached hereto as Exhibit 6.3), make advances (“**Revolver Advances**”) to the Borrowers from time to time during the period from the date hereof to and including December 16, 2016 (the “**Revolving Line Termination Date**”) provided that after giving effect to such Revolver Advances the aggregate amount of Revolver Advances shall not exceed \$1,000,000.00. Within such limits of time and amount and subject to the other provisions of this Agreement, the Borrowers may borrow, repay and reborrow pursuant to this Section 6.1. No Revolver Advance will be made at any time after the Revolving Line Termination Date, or at any time that a Default or an Event of Default has occurred and is continuing hereunder. The Revolving Line of Credit Loan shall be evidenced by the promissory notes substantially in the form of Exhibit 6.1 attached hereto (as the same may be amended or replaced, the “**Revolving Line of Credit Notes**”).

6.2 Purpose of the Revolving Line of Credit Loan. Subject to the terms and conditions contained herein, the proceeds of the Revolving Line of Credit Loan shall be used for working capital and general corporate purposes of the Borrowers.

6.3 Fundings of Advances Under the Revolving Line of Credit Loan. Subject to the terms and conditions contained herein, any Borrower may, from time to time, irrevocably request a Revolver Advance by delivering to Administrative Agent a written Notice of Borrowing for the Revolving Line of Credit Loan (in the form attached hereto as Exhibit 6.3) not later than 2:00 P.M. on (i) the third Business Day prior to the date of the requested Borrowing for the LIBOR Rate Loans and (ii) on the first Business Day prior to the date of the requested Borrowing for Alternate Base Rate Loans. Each such Notice of Borrowing shall be irrevocable and shall specify (A) that a Revolver Advance is requested, (B) the aggregate principal amount to be borrowed, and (C) whether the Borrowing shall be comprised of Alternate Base Rate Loans, LIBOR Rate Loans or a combination thereof. If the Borrowers shall fail to specify in any such Notice of Borrowing the Type of loan requested, then such notice shall be deemed to be a request for a LIBOR Rate Loan with an Interest Period of one month. The Administrative Agent shall give notice to each Lender promptly upon receipt of each Notice of Borrowing hereunder, the contents thereof and each such Lender’s Applicable Percentage thereof.

6.4 Availability of Advances. Each Lender will make its Applicable Percentage of each Revolver Advance Borrowing available to the Administrative Agent for the account of the Borrowers at the office of the Administrative Agent specified in Section 19.13, or at such other office as the Administrative Agent may designate in writing, by 1:00 P.M. on the date specified in the applicable Notice of Borrowing, in Dollars and in funds immediately available to the Administrative Agent. The Administrative Agent will, upon receipt by the Administrative Agent of each Lender's Applicable Percentage of the proceeds of the requested Revolver Advance, make a Revolver Advance as a LIBOR Rate Loan or an Alternate Base Rate Loan (as the case may be) which will be made in a minimum amount of \$100,000.00 and in integral multiples of \$50,000.00, provided that after giving effect to such Revolver Advance, the aggregate amount of all Revolver Advances shall not exceed \$1,000,000.00. On the terms and subject to the conditions of this Agreement, the proceeds of each Revolver Advance shall be made available to the Borrowers by deposit to the account of the Borrowers as shall have been specified in the Notice of Borrowing no later than 11:00 a.m. on the third or first (as applicable) Business Day following receipt of a proper request. Additional conditions to making Revolver Advances are contained in Sections 9.1 and 9.2 hereof.

6.5 Revolving Line Commitment Fee. Accruing from the date hereof until the Revolving Line Termination Date, the Borrowers agree to pay to the Administrative Agent for the ratable benefit of the Lenders in accordance with their Applicable Percentage, as consideration for the Lenders' commitment to make the Line Advances hereunder, a nonrefundable commitment fee (the "**Revolving Line Commitment Fee**") equal to 0.25% per annum (computed on the basis of a year of 360 days and actual days elapsed) on the average daily difference between the amount of: (a) \$1,000,000.00, and (b) all Revolver Advances outstanding for the quarterly period then ended. All Revolving Line Commitment Fees shall be payable quarterly in arrears on the first day of each October, January, April and July after the date hereof and on the Revolving Line Termination Date or upon acceleration of the Revolving Line of Credit Notes, if earlier.

6.6 Revolving Line of Credit Notes and Payments. The Borrowers shall pay interest on the aggregate unpaid principal amount of all Revolver Advances made by the Administrative Agent in accordance with the terms of this Agreement and the Revolving Line of Credit Notes evidencing the indebtedness resulting from such Revolver Advances. The outstanding principal amount of all Revolver Advances and all accrued interest shall be due and payable in full on the Revolving Line Termination Date.

SECTION 7. Interest Rate Provisions.

7.1 Interest Rates Applicable to the Loans.

(a) Interest on the outstanding principal amount of each of the Loans, when classified as a: (i) LIBOR Rate Loan, shall accrue during each LIBOR Interest Period at a rate per annum equal to the sum of the Adjusted LIBOR Rate for such Interest Period plus the Applicable Margin and shall be due and payable on each Interest Payment Date and on the Applicable Maturity Date; (ii) Alternate Base Rate Loan, shall accrue at a rate per annum equal to the sum of the Alternate Base Rate plus the Applicable Margin, and shall be due and payable on each Interest Payment Date and on the Applicable Maturity Date; and (iii) LIBOR Advantage Loan, shall accrue during each LA Interest Period at a rate per annum equal to the sum of the LIBOR Advantage Rate plus the Applicable Margin, and shall be due and payable on each Interest Payment Date, and on the Applicable Maturity Date.

(b) The Borrowers may elect from time to time to convert its respective Alternate Base Rate Loans to LIBOR Rate Loans by delivering a Notice of Conversion (in the form attached hereto as Exhibit 7.1(b)) (“Notice of Conversion”) to the Administrative Agent at least three Business Days prior to the proposed date of conversion. In addition, the Borrowers may elect from time to time to convert all or any portion of its LIBOR Rate Loans to Alternate Base Rate Loans by giving the Administrative Agent irrevocable written notice thereof by 2:00 P.M. one (1) Business Day prior to the proposed date of conversion. If the date upon which an Alternate Base Rate Loan is to be converted to a LIBOR Rate Loan is not a Business Day, then such conversion shall be made on the next succeeding Business Day and during the period from such last day of an Interest Period to such succeeding Business Day such loan shall bear interest as if it were an Alternate Base Rate Loan. Loans that are LIBOR Rate Loans may only be converted to Alternate Base Rate Loans on the last day of the applicable Interest Period. If the date upon which such a LIBOR Rate Loan is to be converted to an Alternate Base Rate Loan is not a Business Day, then such conversion shall be made on the next succeeding Business Day and during the period from such last day of an Interest Period to such succeeding Business Day such loan shall bear interest as if it were an Alternate Base Rate Loan. All or any part of outstanding Loans that are Alternate Base Rate Loans may be converted as provided herein; provided that (i) no portion of any Loan may be converted into a LIBOR Rate Loan when any Default or Event of Default has occurred and is continuing and (ii) partial conversions shall be in an aggregate principal amount of \$100,000.00 or a whole multiple of \$50,000.00 in excess thereof. All or any part of outstanding Loans that are LIBOR Rate Loans may be converted as provided herein; provided that partial conversions shall be in an aggregate principal amount of \$100,000.00 or a whole multiple of \$50,000.00 in excess thereof.

(c) Upon the expiration of an Interest Period any LIBOR Rate Loans of any of the Borrowers shall be continued as a LIBOR Rate Loan with the same Interest Period as the Interest Period then ended, unless prior thereto, with respect to amounts outstanding under the Development Line of Credit Loan prior to the Development Line Termination Date which have not been converted into the First Conversion Amount or the Second Conversion Amount, Borrowers have delivered to the Administrative Agent a Notice of Extension/Interest Period Change in the form of Exhibit 7.1(c) specifying the new Interest Period to be used for the applicable LIBOR Rate Loan, provided that the Interest Period shall only be so changed as requested in the Notice of Extension/Interest Period Change is delivered to the Administrative Agent within three (3) Business Days prior to the end of the Interest Period then ending (otherwise the Interest Period for the applicable LIBOR Rate Loan shall be the same as the Interest Period then ending). No LIBOR Rate Loan or LIBOR Advantage Loan may be continued as such when any Default or Event of Default has occurred and is continuing, in which case such LIBOR Rate Loan or LIBOR Advantage Loan shall be automatically converted to an Alternate Base Rate Loan at the end of the applicable Interest Period with respect thereto. If the continuation of LIBOR Rate Loans or LIBOR Advantage Loans is not permitted hereunder, such Loans shall be automatically converted to Alternate Base Rate Loans at the end of the applicable Interest Period with respect thereto.

Interest payable hereunder with respect to any Alternate Base Rate Loan based on the Prime Rate shall be calculated on the basis of a year of 365 days (or 366 days, as applicable) for the actual days elapsed. All other fees, interest and all other amounts payable hereunder shall be calculated on the basis of a 360-day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the applicable Borrowers, the Lenders and the Swingline Lender of each determination of an Adjusted LIBOR Rate on the Business Day of the determination thereof. Any change in the interest rate on a Loan resulting from a change in the Prime Rate shall become effective as of the opening of business on the day on which such change in the Prime Rate shall become effective. The Administrative Agent shall as soon as practicable notify the applicable Borrowers, the Lenders and the Swingline Lender of the effective date and the amount of each such change.

(d) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrowers, the Lenders and the Swingline Lender in the absence of manifest error. The Administrative Agent shall, at the request of the Borrowers, deliver to the applicable Borrowers a statement showing the computations used by the Administrative Agent in determining any interest rate.

(e) It is the intent of the Lenders, the Swingline Lender and the Borrowers to conform to and contract in strict compliance with applicable usury law from time to time in effect. All agreements between the Lenders, the Swingline Lender and the Borrowers are hereby limited by the provisions of this subsection which shall override and control all such agreements, whether now existing or hereafter arising and whether written or oral. In no way, nor in any event or contingency (including, but not limited to, prepayment or acceleration of the maturity of any Obligation), shall the interest taken, reserved, contracted for, charged, or received under this Agreement, under the Notes or otherwise, exceed the maximum nonusurious amount permissible under applicable law. If, from any possible construction of any of the Loan Documents or any other document, interest would otherwise be payable in excess of the maximum nonusurious amount, any such construction shall be subject to the provisions of this paragraph and such interest shall be automatically reduced to the maximum nonusurious amount permitted under applicable law, without the necessity of execution of any amendment or new document. If any Lender or Swingline Lender shall ever receive anything of value which is characterized as interest on the Loans under applicable law and which would, apart from this provision, be in excess of the maximum nonusurious amount, an amount equal to the amount which would have been excessive interest shall, without penalty, be applied to the reduction of the principal amount owing on the Loans and not to the payment of interest, or refunded to the Borrowers or the other payor thereof if and to the extent such amount which would have been excessive exceeds such unpaid principal amount of the Loans. The right to demand payment of the Loans or any other Indebtedness evidenced by any of the Loan Documents does not include the right to receive any interest which has not otherwise accrued on the date of such demand, and the Lenders and Swingline Lender do not intend to charge or receive any unearned interest in the event of such demand. All interest paid or agreed to be paid to the Lenders and Swingline Lender with respect to the Loans shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term (including any renewal or extension) of the Loans so that the amount of interest on account of such Indebtedness does not exceed the maximum nonusurious amount permitted by applicable law.

7.2 Swingline Loans. The outstanding principal amount of each Swingline Loan (until converted to a Development Line of Credit Loan), when classified as a LIBOR Advantage Loan, shall bear interest during the LA Interest Period at a rate per annum equal to the sum of the LIBOR Advantage Rate for such LA Interest Period plus the Applicable Margin, and be due and payable on each Interest Payment Date and on the Development Line Termination Date, with interest calculated for the actual number of days elapsed on the basis of a 360-day year, including the first date of the applicable period to, but not including, the date of repayment.

7.3 Default Rate and Payment Dates.

(a) If all or a portion of the principal amount of any Loan which is a LIBOR Rate Loan or a LIBOR Advantage Loan shall not be paid when due (after giving effect to any applicable notice or cure periods) (whether at the stated maturity, by acceleration or otherwise), such overdue principal amount of such Loan shall be converted to an Alternate Base Rate Loan at the end of the Interest Period (or LA Interest Period, as applicable) applicable thereto.

(b) Upon the occurrence and during the continuance of a (i) Bankruptcy Event or a Payment Event of Default, the principal of and, to the extent permitted by law, interest on the Loans and any other amounts owing hereunder or under the other Loan Documents shall automatically bear interest at a rate per annum which is equal to the Default Rate and (ii) any other Event of Default hereunder, at the option of the Required Lenders, the principal of and, to the extent permitted by law, interest on the Loans and any other amounts owing hereunder or under the other Loan Documents shall automatically bear interest, at a per annum rate which is equal to the Default Rate, in each case from the date of such Event of Default until such Event of Default is cured (to the extent permitted) or waived in accordance with Section 19.3. Any default interest owing under this Section 7.3(b) shall be due and payable on the earlier to occur of (x) demand by the Administrative Agent (which demand the Administrative Agent shall make if directed by the Required Lenders) and (y) the Applicable Maturity Date.

(c) Interest on each Loan shall be payable in arrears on each Interest Payment Date; provided that interest accruing pursuant to paragraph (b) of this Section shall be payable from time to time on demand.

7.4 Inability to Determine Interest Rate. Notwithstanding any other provision of this Agreement, if (a) the Administrative Agent shall reasonably determine (which determination shall be conclusive and binding absent manifest error) that, by reason of circumstances affecting the relevant market, reasonable and adequate means do not exist for ascertaining the LIBOR Rate for such Interest Period (or the LIBOR Advantage Rate for such LA Interest Period), or (b) the Required Lenders shall reasonably determine or the Swingline Lender shall reasonably determine with respect to the LIBOR Advantage Rate (which determination shall be conclusive and binding absent manifest error), that the LIBOR Rate or LIBOR Advantage Rate, as applicable, does not adequately and fairly reflect the cost to such Lenders of funding LIBOR Rate Loans (or LIBOR Advantage Loans, as applicable) that the Borrowers have requested be outstanding as a LIBOR Tranche during such Interest Period (or LA Interest Period, as applicable), the Administrative Agent shall forthwith give telephone notice of such determination, confirmed in writing, to the applicable Borrowers, Lenders and Swingline Lender at least two (2) Business Days prior to the first day of such Interest Period (or LA Interest Period, as applicable). Unless the applicable Borrowers shall have notified the Administrative Agent upon receipt of such telephone notice that it wishes to rescind or modify its request regarding such LIBOR Rate Loans (or LIBOR Advantage Loans, as applicable), any Loans that were requested to be made as LIBOR Rate Loans (or LIBOR Advantage Loans, as applicable) shall be made as Alternate Base Rate Loans and any Loans that were requested to be converted into or continued as LIBOR Rate Loans (or LIBOR Advantage Loans, as applicable) shall remain as or be converted into Alternate Base Rate Loans. Until any such notice has been withdrawn by the Administrative Agent, no further Loans shall be made as, continued as, or converted into, LIBOR Rate Loans (or LIBOR Advantage Loans, as applicable) for the Interest Periods (or LA Interest Periods, as applicable) so affected.

7.5 Yield Protection.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in the Adjusted LIBOR Rate);

(ii) subject any Recipient to any Taxes (other than Indemnified Taxes, Other Connection Taxes and Excluded Taxes) on its loans, loan principal, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or Swingline Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or Swingline Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender or Swingline Lender or such other Recipient of making, converting to, continuing or maintaining any Loan or of maintaining its obligation to make any such Loan, or to increase the cost to such Lender or Swingline Lender, or to reduce the amount of any sum received or receivable by such Lender, Swingline Lender or Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, Swingline Lender or other Recipient as set forth in clause (c) below, the Borrowers so affected will pay to such Lender, Swingline Lender or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, Swingline Lender or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements . If any Lender or Swingline Lender determines that any Change in Law affecting such Lender or Swingline Lender or any lending office of such Lender or Swingline Lender or such Lender's or Swingline Lender's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or Swingline Lender's capital or on the capital of such Lender's or Swingline Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or Swingline Lender or the Loans made or participation in Swingline Loans held by such Lender or Swingline Lender to a level below that which such Lender or Swingline Lender or such Lender's or Swingline Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or Swingline Lender's policies and the policies of such Lender's or Swingline Lender's holding company with respect to capital adequacy), then from time to time the affected Borrowers will pay to such Lender or Swingline Lender, as the case may be as set forth in clause (c) below, such additional amount or amounts as will compensate such Lender or Swingline Lender or such Lender's or Swingline Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement . A certificate of a Lender or Swingline Lender setting forth in reasonable detail the amount or amounts necessary to compensate such Lender or Swingline Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the applicable Borrowers and Administrative Agent shall be conclusive absent manifest error. The affected Borrowers shall pay such Lender or Swingline Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Delay in Requests . Failure or delay on the part of any Lender or Swingline Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or Swingline Lender's right to demand such compensation, provided that the affected Borrowers shall not be required to compensate a Lender or Swingline Lender pursuant to this Section for any increased costs incurred or reductions suffered more than nine (9) months prior to the date such Lender or Swingline Lender notifies the Borrowers of the Change in Law giving rise to such increased costs or reductions, and of such Lender's or Swingline Lender's intention to claim compensation therefore (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

7.6 Compensation for Losses . Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the applicable Borrowers shall promptly compensate such Lender or Swingline Lender for and hold such Lender or Swingline Lender harmless from any loss, cost or expense incurred by it as a result of:

(a) Any continuation, conversion, payment or prepayment of any Loan other than an Alternate Base Rate Loan on a day other than the last day of the Interest Period (or LA Interest Period, as the case may be) for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) Any failure by any of the borrowers (for a reason other than the failure of such Lender or Swingline Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than an Alternate Base Rate Loan on the date or in the amount notified by such Borrowers; or

(c) Any assignment of a LIBOR Rate Loan (or LIBOR Advantage Loan, as applicable) on a day other than the last day of the Interest Period (or LA Interest Period, as applicable) therefor as a result of a request by the Borrowers pursuant to Section 7.10(b);

including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to

maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. The affected Borrowers shall also pay any customary administrative fees charged by such Lender or Swingline Lender in connection with the foregoing.

For purposes of calculating amounts payable by the Borrowers to the Lenders or the Swingline Lender under this Section, each Lender or Swingline Lender shall be deemed to have funded each LIBOR Rate Loan (or LIBOR Advantage Loan, as applicable) made by it at the LIBOR Rate (or LIBOR Advantage Rate, as applicable) for such Loan by a matching deposit or other borrowing in the London interbank Eurodollar market for a comparable amount and for a comparable period, whether or not such LIBOR Rate Loan (or LIBOR Advantage Loan, as applicable) was in fact so funded.

7.7 Hedging Contracts. Borrowers shall enter into Hedging Contracts with a Lender within thirty (30) days of the date hereof, hedging at least one half of the aggregate maximum principal amount of proceeds advanced to the Borrowers under the Term Loan.

7.8 Taxes.

7.9 Payments Free of Taxes. Any and all payments by or on account of any obligation of any Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(a) Payment of Other Taxes by the Borrowers. The Borrowers shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes. If a Borrower determines in good faith that a reasonable basis exists for contesting any taxes for which indemnification has been demanded hereunder, the relevant Lender or Swingline Lender or Administrative Agent, as applicable, shall cooperate with the Borrower in a reasonable challenge of such taxes if so requested by the Borrower, provided that (a) such Lender or Swingline Lender or Administrative Agent determines in its reasonable discretion that it would not be prejudiced by cooperating in such challenge, (b) the Borrower pays all related expenses of such Administrative Agent or Lender or Swingline Lender and (c) the Borrower indemnifies such Lender or Swingline Lender or Administrative Agent for any liabilities or other costs incurred by such party in connection with such challenge.

(b) Indemnification by the Borrowers. Without duplication, the Borrowers shall jointly and severally indemnify each Recipient, within 10 Business Days after demand therefor (in written form explaining to the Borrowers, in reasonable detail, the Lender's or Swingline Lender's right to indemnification hereunder), for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrowers by a Lender or Swingline Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender or Swingline Lender, shall be conclusive absent manifest error.

(c) Indemnification by the Lenders. Each Lender and Swingline Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender or Swingline Lender (but only to the extent that any Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrowers to do so), (ii) any Taxes attributable to such Lender's or Swingline Lender's failure to comply with the provisions of Section 19.7(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender or Swingline Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender or Swingline Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender or Swingline Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender or Swingline Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender or Swingline Lender from any other source against any amount due to the Administrative Agent under this paragraph (d).

(d) Evidence of Payments. As soon as practicable after any payment of Taxes by any Borrower to a Governmental Authority pursuant to this Section 7.8, such Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Status of Lenders and Swingline Lender.

(i) Any Lender or Swingline Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the applicable Borrower and the Administrative Agent, at the time or times prescribed by applicable law or reasonably requested by the Borrowers or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrowers or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender or Swingline Lender, if reasonably requested by the Borrowers or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrowers or the Administrative Agent as will enable the Borrowers or the Administrative Agent to determine whether or not such Lender or Swingline Lender is subject to backup withholding or information reporting requirements.

Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 7.8(f)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's or Swingline Lender's judgment such completion, execution or submission would subject such Lender or Swingline Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender or the Swingline Lender.

(ii) Without limiting the generality of the foregoing, in the event that a Borrower is a U.S. Borrower,

A. any Lender or Swingline Lender that is a U.S. Person shall deliver to the Borrowers and the Administrative Agent on or prior to the date on which such Lender or Swingline Lender becomes a Lender or Swingline Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), properly completed and duly

executed originals of IRS Form W-9 certifying that such Lender or Swingline Lender is exempt from U.S. federal backup withholding tax;

B. any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrowers and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender or Swingline Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), whichever of the following is applicable:

i. in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, properly completed and duly executed originals of IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, properly completed and duly executed originals of IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

ii. properly completed and duly executed originals of IRS Form W-8ECI;

iii. in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 871(h) or Section 881(c) of the Code, (x) a certificate to the effect that (A) such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrowers within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) properly completed and duly executed originals of IRS Form W-8BEN; or

iv. to the extent a Foreign Lender is not the beneficial owner properly completed and duly executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, a U.S. Tax Compliance Certificate, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner;

C. any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrowers and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender or Swingline Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrowers or the Administrative Agent to determine the withholding or deduction required to be made; and

D. if a payment made to a Lender or Swingline Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender or Swingline Lender shall deliver to the Borrowers and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrowers or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrowers and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender or Swingline Lender has complied with such Lender's or Swingline Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. For purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender and Swingline Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall, to the extent it is legally entitled to do so, update and deliver to the Borrowers and the Administrative Agent such form or certification on or prior to the date such form or certification expires or becomes obsolete or inaccurate.

(f) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 7.8 (including by the payment of additional amounts pursuant to this Section 7.8), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(g) Survival. Each party's obligations under this Section 7.8 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender or Swingline Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

7.10 Illegality.

Notwithstanding any other provision of this Agreement, if any Change in Law shall make it unlawful for a Lender or Swingline Lender or their respective LIBOR Lending Office to make or maintain LIBOR Rate Loans (or LIBOR Advantage Loans, as applicable) as contemplated by this Agreement or to obtain in the interbank Eurodollar market through its LIBOR Lending Office the funds with which to make such Loans, (a) such Lender or Swingline Lender shall promptly notify the Administrative Agent and the affected Borrowers thereof, (b) the commitment of such Lender or Swingline Lender hereunder to make LIBOR Rate Loans (or LIBOR Advantage Loans, as applicable) or continue LIBOR Rate Loans (or LIBOR Advantage Loans, as applicable) as such shall forthwith be suspended until the Administrative Agent shall give notice that the condition or situation which gave rise to the suspension shall no longer exist, and (c) such Lender's or Swingline Lender's Loans then outstanding as LIBOR Rate Loans (or LIBOR Advantage Loans, as applicable), if any, shall be converted on the last day of the Interest Period (or LA Interest Period, as applicable) for such Loans or within such earlier period as required by law as Alternate Base Rate Loans. The Borrowers hereby agree, jointly and severally, to promptly pay any Lender or Swingline Lender, upon its demand, any additional amounts necessary to compensate such Lender or Swingline Lender for actual and direct costs (but not including anticipated profits) reasonably incurred by such Lender or Swingline Lender in making any repayment in accordance with this Section including, but not limited to, any interest or fees payable by such Lender or Swingline Lender to lenders of funds obtained by it in order to make or maintain its LIBOR Rate Loans (or LIBOR Advantage Loans, as applicable) hereunder. A certificate (which certificate shall include a description of the basis for the computation) in reasonable detail as to any additional amounts payable pursuant to this Section submitted by such Lender or Swingline Lender, through the Administrative Agent, to the Borrowers shall be conclusive in the absence of manifest error. Each Lender and Swingline Lender agrees to use reasonable efforts (including reasonable efforts to change its LIBOR Lending Office) to avoid or to minimize any amounts which may otherwise be payable pursuant to this Section; provided, however, that such efforts shall not cause the imposition on such Lender or Swingline Lender of any additional costs or legal or regulatory burdens deemed by such Lender or Swingline Line in their sole discretion to be material.

7.11 Mitigation Obligations; Replacement of Lenders .

(a) Designation of a Different Lending Office . If (i) any Lender or Swingline Lender requests compensation under Section 7.5, (ii) requires any of the Borrowers to pay any Indemnified Taxes or additional amounts to any Lender or Swingline Lender or any Governmental Authority for the account of any Lender or Swingline Lender pursuant to Section 7.8, or (iii) any Lender or Swingline Lender is a Non-Consenting Lender, then such Lender or Swingline Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender or Swingline Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 7.5 or Section 7.7, as the case may be, in the future and (ii) would not subject such Lender or Swingline Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender or Swingline Lender. The Borrowers hereby, jointly and severally, agree to pay all reasonable costs and expenses incurred by any Lender or Swingline Lender in connection with any such designation or assignment.

(b) Replacement of Lenders . If any Lender or Swingline Lender requests compensation under Section 7.5, or if any of the Borrowers are required to pay any Indemnified Taxes or additional amounts to any Lender or Swingline Lender or any Governmental Authority for the account of any Lender or Swingline Lender pursuant to Section 7.8 and, in each case, such Lender or Swingline Lender has declined or is unable to designate a different lending office, or if any Lender or Swingline Lender is a Defaulting Lender or a Non-Consenting Lender, then the Borrowers may, at their sole expense and effort, upon notice to such Lender or Swingline Lender and the Administrative Agent, require such Lender or Swingline Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 19.7), all of its interests, rights (other than its existing rights to payments pursuant to Section 7.5 or Section 7.8) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender or Swingline Lender, if a Lender or Swingline Lender accepts such assignment), provided that:

(i) the Borrowers shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 19.7;

(ii) such Lender or Swingline Lender shall have received payment of an amount equal to the outstanding principal of its Applicable Percentage of the Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents or any of the Borrowers (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 7.5 or payments required to be made pursuant to Section 7.8, such assignment will result in a reduction in such compensation or payments thereafter;

(iv) such assignment does not conflict with applicable law;

(v) in the case of any assignment by a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver, consent or such other modification.

No Lender or Swingline Lender shall be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or Swingline Lender or otherwise, the circumstances entitling the Borrowers to require such assignment and delegation cease to apply.

SECTION 8. Payments.

8.1 Method of Payment. Unless otherwise directed by the Administrative Agent, except as set forth in this Agreement, all payments due under each Note and all payments of any other amounts due hereunder shall be made in Dollars to the Administrative Agent by debits by the Administrative Agent, or an agent of the Administrative Agent designated pursuant to Section 16.2 and acting on behalf of the Administrative Agent, through the Automated Clearing House System to the operating accounts maintained by the Administrative Agent in the name of the Borrowers as designated in writing (the “**Account**”). Borrowers agree that the Account will have sufficient funds to cover such charges and that any disputes over the sufficiency of such funds will be resolved strictly between the Borrowers and the depository institution maintaining such Account. Unless otherwise directed by the Administrative Agent, the final installment due under any Note shall be due and payable by the applicable Borrowers in immediately available funds and shall not be made by debit through the Automated Clearing House System. On the date hereof, the Borrowers shall execute and deliver to the Administrative Agent an Automated Clearing House (“**ACH**”) Authorization form in the form attached hereto as Exhibit 8.1 printed on the letterhead of the respective Borrowers.

8.2 Pro Rata Treatment and Payments .

(a) Allocation of Payments Prior to Exercise of Remedies . Unless otherwise required by the terms of this Agreement, each payment by the Borrowers under this Agreement and the Notes shall be applied, first, to any fees then due by the Borrowers, second, to interest then due and owing hereunder and under the respective Notes, and, third, to principal then due and owing hereunder and under the respective Notes. Each payment on account of any fees shall be made pro rata in accordance with the respective amounts due and owing. Each regularly scheduled payment, and each optional repayment and prepayment by the Borrowers on account of principal of and interest on the Loans shall be applied to such Loans on a pro rata basis and, to the extent applicable, in accordance with the terms of Section 8.2(a) hereof. Each mandatory prepayment by the Borrowers on account of principal of the Loans shall be applied to such Loans, as applicable, on a pro rata basis and, to the extent applicable, in accordance with Section 8.2(b). All payments (including prepayments) to be made by the Borrowers on account of principal, interest and fees shall be made without defense, set-off or counterclaim and shall be made to the Administrative Agent for the account of the Lenders and the Swingline Lender at the Administrative Agent's office specified on Section 19.13 in Dollars and in immediately available funds not later than 1:00 P.M. on the date when due. The Administrative Agent shall distribute such payments to the Lenders and the Swingline Lender entitled thereto promptly upon receipt in like funds as received in accordance with their proportional share based upon their respective Applicable Percentage. If any payment hereunder (other than payments on the LIBOR Rate Loans or LIBOR Advantage Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension. If any payment on a LIBOR Rate Loan or LIBOR Advantage Loans becomes due and payable on a day other than a Business Day, such payment date shall be extended to the next succeeding Business Day.

(b) Allocation of Payments After Exercise of Remedies . Notwithstanding any other provisions of this Agreement to the contrary, after the exercise of remedies (other than the application of default interest pursuant to Section 7.3) by the Administrative Agent or the Lenders or the Swingline Lender pursuant to Section 14 or Section 15 (or after all amounts under the Loan Documents shall automatically become due and payable in accordance with the terms of Section 14), all amounts collected or received by the Administrative Agent or any Lender or Swingline Lender on account of the Obligations or any other amounts outstanding under any of the Loan Documents or in respect of the Collateral shall be paid over or delivered as follows (irrespective of whether the following costs, expenses, fees, interest, premiums, scheduled periodic payments or Obligations are allowed, permitted or recognized as a claim in any proceeding resulting from the occurrence of a Bankruptcy Event):

FIRST, to the payment of any fees owed to the Administrative Agent, and to the payment of all reasonable out-of-pocket costs and expenses (including, without limitation, reasonable attorneys' fees) of the Administrative Agent in connection with enforcing the rights of the Lenders under the Loan Documents and any protective advances made by the Administrative Agent with respect to the Collateral under or pursuant to the terms of the Collateral Documents;

SECOND, to the payment of any fees, expenses and costs of the Lenders and Swingline Lender and Hedge Providers, and to the payment of all reasonable out-of-pocket costs and expenses (including, without limitation, reasonable attorneys' fees) of each of the Lenders and Swingline Lender in connection with enforcing its rights under the Loan Documents or otherwise with respect to the Obligations owing to such Lender;

THIRD, to the payment of all of the Obligations consisting of interest on the Loans and scheduled payments in connection with Hedging Contracts and Secured Hedge Agreements;

FOURTH, to pay that portion of the Obligations constituting (i) unpaid principal of the Loans, and (ii) termination amounts due in connection with the Hedging Contracts and Secured Hedge Agreements;

FIFTH, to the payment of any fees, premiums and scheduled periodic payments due under Bank Products and any interest accrued thereon, and with respect to any Bank Product, any breakage, termination or other payments due under such Bank Product and any interest accrued thereon;

SIXTH, to all other Obligations and other obligations which shall have become due and payable under the Loan Documents or otherwise and not repaid pursuant to clauses "FIRST" through "FIFTH" above; and

SEVENTH, to the payment of the surplus, if any, to whoever may be lawfully entitled to receive such surplus.

In carrying out the foregoing, (a) amounts received shall be applied in the numerical order provided until exhausted prior to application to the next succeeding category; and (b) each of the Lenders and any Bank Product Provider shall receive an amount equal to its pro rata share (based on each Lender's respective Applicable Percentage or the outstanding obligations payable to such Bank Product Provider bears to the aggregate then outstanding Loans and obligations payable under all Bank Products) of amounts available to be applied pursuant to clauses "SECOND", "THIRD", "FOURTH", "FIFTH", and "SIXTH" above. Notwithstanding the foregoing terms of this Section, only Collateral proceeds (as opposed to ordinary course principal, interest and fee payments hereunder) shall be applied to obligations under any Bank Product. Amounts distributed with respect to any Bank Product Debt shall be the last Bank Product Amount reported to the Administrative Agent; provided that any such Bank Product Provider may provide an updated Bank Product Amount to the Administrative Agent prior to payments made pursuant to this Section. The Administrative Agent shall have no obligation to calculate the amount to be distributed with respect to any Bank Product Debt, but may rely upon written notice of the amount (setting forth a reasonably detailed calculation) from the applicable Bank Product Provider. In the absence of such notice, the Administrative Agent may assume the amount to be distributed is the Bank Product Amount last reported to the Administrative Agent.

8.3 Prepayments.

(a) Optional Prepayments and Repayments. The Borrowers shall have the right to prepay the Term Loans in whole or in part from time to time; provided, however, that each partial prepayment or repayment of (i) Term Loans that are Alternate Base Rate Loans shall be in a minimum principal amount of \$250,000.00 and integral multiples of \$250,000.00 in excess thereof (or the remaining outstanding principal amount) and (ii) Term Loans that are LIBOR Rate Loans shall be in a minimum principal amount of \$250,000.00 and integral multiples of \$250,000.00 in excess thereof (or the remaining outstanding principal amount). The Borrowers shall give four Business Days' irrevocable notice of prepayment in the case of LIBOR Rate Loans and same-day irrevocable notice on any Business Day in the case of Alternate Base Rate Loans, to the Administrative Agent (which shall notify the Lenders thereof as soon as practicable); provided, that if a notice of prepayment is given in connection with a refinancing of Term Loans in full, the Borrowers may rescind such notice of prepayment if such refinancing shall not be consummated or shall be delayed. To the extent that the Borrowers elect to prepay the Term Loans, amounts prepaid under this Section shall be (i) applied to the applicable Term Loans in the inverse order of maturity, and (ii) applied to such in accordance with each Lender's Applicable Percentages, as applicable. To the extent the Borrowers elect to prepay the Development Line of Credit Loan, amounts prepaid under this Section shall be applied to the Lenders and Swingline Lender in accordance with their respective Applicable Percentages. Within the foregoing parameters, prepayments under this Section shall be applied first to Alternate Base Rate Loans and then to LIBOR Rate Loans in direct order of Interest Period maturities. All prepayments under this Section shall be subject to Section 7.6, but otherwise without premium or penalty. Interest on the principal amount prepaid shall be payable on the next occurring Interest Payment Date that would have occurred had such loan not been prepaid or, at the request of the Administrative Agent, interest on the principal amount prepaid shall be payable on any date that a prepayment is made hereunder through the date of prepayment.

(b) Mandatory Prepayments .

(i) Asset Dispositions . Promptly following any Asset Disposition (or related series of Asset Dispositions), the Borrowers shall prepay the Loans in an aggregate amount equal to one hundred percent (100%) of the Net Cash Proceeds derived from such Asset Disposition (or related series of Asset Dispositions) (such prepayment to be applied as set forth in clause (v) below). The Administrative Agent, the Lenders and the Swingline Lender agree to execute lien releases with respect to any Asset Dispositions approved by them or in connection with the sale or disposition of other Collateral permitted pursuant to the terms of this Agreement. Notwithstanding the above, this subsection shall not apply to the sale of Fee Premises after the date hereof to Spirit pursuant to the terms of the Spirit P&S.

(ii) Debt Issuances . Immediately upon receipt by any of the Borrowers of proceeds from any Debt Issuance, the Borrowers shall prepay the Loans in an aggregate amount equal to one hundred percent (100%) of the Net Cash Proceeds of such Debt Issuance (such prepayment to be applied as set forth in clause (v) below).

(iii) Issuances of Equity . Immediately upon receipt by any of the Borrowers of proceeds from any Equity Issuance (which offering is subject to the prior written approval of the Administrative Agent), the Borrowers shall prepay the Loans in an aggregate amount equal to one hundred percent (100%) of the Net Cash Proceeds of such Equity Issuance. Such prepayment to be applied as set forth in clause (v) below.

(iv) Recovery Events . Promptly upon receipt by any of the Borrowers of proceeds from any Recovery Event, the Borrowers shall prepay the Loans in an aggregate amount equal to one hundred percent (100%) of the Net Cash Proceeds of such Recovery Event (such prepayment to be applied as set forth in clause (v) below); provided, however, that, so long as no Default or Event of Default has occurred and is continuing, Net Cash Proceeds from any Recovery Event shall not be required to be so applied to the extent the Borrowers deliver to the Administrative Agent within 180 days of the receipt of such Net Cash Proceeds a certificate stating that such Borrowers intend to use such Net Cash Proceeds to replace the assets which were lost, damaged or destroyed as a result of the Recovery Event, and thereafter diligently pursue the acquisition of such assets (provided that such assets must be acquired with the Net Cash Proceeds no later than 365 days of receipt of such Net Cash Proceeds), it being expressly agreed that any Net Cash Proceeds not so reinvested shall be applied to prepay the Loans immediately thereafter (such prepayment to be applied as set forth in clause (v) below).

(v) Application of Mandatory Prepayments. All amounts required to be paid pursuant to this Section shall be applied as follows:

(A) with respect to all amounts prepaid pursuant to Sections 8.3(b)(i) through (iv), (a) if made prior to the Development Line Termination Date, *first*, to the principal repayment installments of the Term Notes in the inverse order of maturity to each of the Lenders based on their Applicable Percentage of such Term Notes, and, *second*, to the Development Line of Credit Notes to the unpaid interest thereunder and then to reduce the outstanding principal balance thereunder to each of the Lenders based on their Applicable Percentage of such Development Line of Credit Notes, and (b) if made on and after the Development Line Termination Date, *first*, to the principal repayment installments of the Term Loans on a ratable basis (meaning on the basis that each of the Term Loans bears to the entire outstanding amount of all of the Term Loans) in the inverse order of maturity to each of the Lenders based on their Applicable Percentage of such Term Loans, and *second*, to any Obligations as determined by the Administrative Agent. Within the parameters of the applications set forth above, prepayments shall be applied first to Alternate Base Rate Loans and then to LIBOR Rate Loans and LIBOR Advantage Loans in direct order of Interest Period (or LA Interest Period, as applicable) maturities. All prepayments under this Section shall be subject to Section 7.6 and be accompanied by interest on the principal amount prepaid through the date of prepayment, but otherwise without premium or penalty.

(vi) Bank Product and Hedging Obligations Unaffected. Any repayment or prepayment made pursuant to this Section shall not affect the Borrower's obligation to continue to make payments under any Bank Product, Hedging Contract or Secured Hedge Agreements, which shall remain in full force and effect notwithstanding such repayment or prepayment, subject to the terms of such Bank Product, Hedging Contract or Secured Hedge Agreements.

8.4 Non-Receipt of Funds by the Administrative Agent. Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received written notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with this Agreement and may, in reliance upon such assumption, make available to the Borrowers a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrowers to which such credit was made available severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to such Borrowers to but excluding the date of payment to the Administrative Agent, at (i) in the case of a payment to be made by such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (ii) in the case of a payment to be made by the Borrowers, the interest rate applicable to Alternate Base Rate Loans. If the Borrowers and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrowers the amount of such interest paid by the Borrowers for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by the Borrowers shall be without prejudice to any claim the Borrowers may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(b) Payments by Borrowers; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrowers prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or Swingline Lender hereunder that the Borrowers will not make such payment, the Administrative Agent may assume that the Borrowers have made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or Swingline Lender the amount due. In such event, if the Borrowers have not in fact made such payment, then each of the Lenders and the Swingline Lender severally agree to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Swingline Lender, with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

A notice of the Administrative Agent to any Lender or Swingline Lender or the Borrowers with respect to any amount owing under subsections (a) and (b) of this Section shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender or Swingline Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Section and such funds are not made available to the Borrowers by the Administrative Agent because the conditions to the applicable Borrowing are not satisfied or waived in accordance with the terms thereof, the Administrative Agent shall return such funds (in like funds as received from such Lender or Swingline Lender) to such Lender or Swingline Lender, without interest.

(d) Obligations of Lenders Several. The obligations of the Lenders and the Swingline Lender hereunder to make Loans in and to make payments pursuant to Sections 2.1 and 8.5(b) are several and not joint. The failure of any Lender or Swingline Lender to make any Loan or to make any such payment under Sections 2.1 and 8.4(b) on any date required hereunder shall not relieve any other Lender or Swingline Lender of its corresponding obligation to do so on such date, and no Lender or Swingline Lender shall be responsible for the failure of any other Lender or Swingline Lender to so make its Loan, or to make its payment under Sections 2.1 and 8.4(b).

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender or Swingline Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender or Swingline Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

8.5 Right to Set-Off; Sharing of Payments. (a) If an Event of Default shall have occurred, each Lender and the Swingline Lender, and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender or Swingline Lender, or any such Affiliate to or for the credit or the account of the Borrowers (other than against payroll accounts of the Borrowers, which by law may not be set off against by the Administrative Agent or the Lenders or the Swingline Lender) or any of them against any and all of the Obligations of such Borrowers now or hereafter existing under this Agreement or any other Loan Document to such Lender or Swingline Lender, irrespective of whether or not such Lender or Swingline Lender shall have made any demand under this Agreement or any other Loan Document and although such obligations of such Borrower may be contingent or unmatured or are owed to a branch, office or affiliate of such Lender or Swingline Lender, different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (i) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 17 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, and the other Lenders and the Swingline Lender, and (ii) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender and Swingline Lender, and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender or Swingline Lender, or their respective Affiliates may have. Each Lender and Swingline Lender agrees to notify the affected Borrowers and the Administrative Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

(b) If any Lender or Swingline Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Loans or other obligations hereunder resulting in such Lender's or Swingline Lender's receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other such obligations greater than its pro rata share thereof as provided herein, then the Lender or Swingline Lender receiving such greater proportion shall (i) notify the Administrative Agent of such fact, and (ii) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders or the Swingline Lender, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders or the Swingline Lender ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided that:

A. if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

B. the provisions of this paragraph shall not be construed to apply to (i) any payment made by any Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), or (ii) any payment obtained by a Lender or Swingline Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to any Borrower or any Subsidiary thereof (as to which the provisions of this paragraph shall apply), or (iii) any amounts applied by the Swingline Lender to outstanding Swingline Loans, or (iv) any amounts received by the Swingline Lender to secure the obligations of a Defaulting Lender to fund risk participations hereunder.

C. Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender or Swingline Lender acquiring a participation pursuant to the foregoing arrangements may exercise against each of these Borrowers rights of setoff and counterclaim with respect to such participation as fully as if such Lender or Swingline Lender were a direct creditor of each Borrower in the amount of such participation.

8.6 Payments Set Aside. To the extent that any payment by or on behalf of any of the Borrowers is made to Administrative Agent, or any Lender or Swingline Lender, or Administrative Agent, or any Lender or Swingline Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Administrative Agent, or such Lender or Swingline Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender and Swingline Lender severally agrees to pay to Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Effective Rate from time to time in effect. The obligations of the Lenders and the Swingline Lender under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

SECTION 9. Conditions Precedent to Effectiveness of this Agreement.

The effectiveness of this Agreement shall be subject to the condition precedent that the Administrative Agent shall have received, in form and substance satisfactory to the Administrative Agent and its counsel, each of the following:

- (a) executed originals of this Agreement and the Notes;

(b) executed originals of the Guaranties, the Security Agreements, the IP Security Agreements, the Stock Pledge Agreement, the Mortgage Documents (or confirmations and amendments thereof, as applicable) and any other agreement and documents required by Administrative Agent;

(c) Solvency certificates executed by such Person(s) or entity(ies) as the Administrative Agent may require, in the form presented to the Borrowers by the Administrative Agent;

(d) certificates executed by such person(s) or entity(ies) as the Administrative Agent may require, in the form presented to the Borrowers by the Administrative Agent;

(e) evidence that the Collateral is free and clear of all encumbrances and rights of others (except as otherwise permitted herein) and that the security interests and liens in favor of the Administrative Agent, for itself and on behalf of the Lenders are valid, enforceable, properly perfected in a manner acceptable to the Administrative Agent and prior to all others' rights and interests, other than those expressly consented to in writing by the Administrative Agent;

(f) (i) a copy of each Borrower's formation documents (e.g. Articles of Organization, Certificate of Formation) certified by the Secretary of State of such entity's jurisdiction of organization of reasonably recent date, if requested by the Administrative Agent, and (ii) a certificate of good standing for each from its state of formation and from any other state in which any such entity is required to qualify to conduct its business, if requested by the Administrative Agent;

(g) a Secretary/Manager's certificate with respect to each Borrower and each Guarantor with respect to its form of organization, all corporate or other appropriate action taken by each of the Borrowers and Guarantors authorizing the execution and delivery of this Agreement, the Notes, the Hedging Contracts, the Collateral Documents, all other documents executed and delivered in connection with the Loans, and the transactions contemplated hereby and thereby, confirming the authority and providing specimen signatures of the representatives of the executing such documents;

(h) certificates of insurance endorsement reflecting a lender's loss payable endorsement in favor of the Administrative Agent, the Lenders and the Swingline Lender or naming the Administrative Agent, the Lenders and the Swingline Lender as an additional insured executed by the Borrowers' insurer of the Collateral, or its agent, and indicating compliance with the insurance requirements set forth in Section 11.2 of this Agreement;

(i) a certificate for each Borrower dated the date of this Agreement signed by an appropriate representative of such entity (i) certifying that the Buffalo Wild Wings Documents and Bagger Dave's Documents (as appropriate) are in full force and effect, (ii) certifying that the Borrower is a Buffalo Wild Wings franchisee or Bagger Dave's franchisee (as appropriate) in good standing; (iii) identifying all locations of the Collateral, and (iv) certifying that no material default has occurred and is continuing under the Franchise Documents, all as of the date of this Agreement;

(j) evidence that any existing Indebtedness required by the Administrative Agent to be repaid in full has been, or will be, repaid and any related credit facility terminated or cancelled, as the case may be, on or before the Closing Date;

(k) a signed copy of an authority and enforceability opinion of counsel for the Borrowers and Guarantors reasonably satisfactory to Administrative Agent;

(l) A certification from an officer of the Borrowers as to the financial condition and solvency of (i) each entity constituting the Borrowers, and (ii) all entities constituting the Borrowers and their subsidiaries, taken as a whole (in each case, after giving effect to the transactions contemplated hereby and the incurrence of indebtedness related thereto);

(m) title insurance policies and endorsements covering the Fee Mortgages, in form and substance satisfactory to the Administrative Agent;

(n) a proforma compliance certificate dated as of the Closing Date demonstrating compliance with all of the financial covenants contained herein;

(o) payoff letters related to the Borrowers' outstanding indebtedness thereto in form and substance satisfactory to Administrative Agent;

(p) such other documents as Administrative Agent may reasonably request in order to effect fully the purposes and intent of the parties to this Agreement;

(q) copies of Franchise Agreements and Development Agreements for each of the Borrowers that have a Franchise Agreement with Buffalo Wild Wings or Bagger Dave's;

(r) a signed certificate of the Borrowers and Guarantors certifying that no material litigation exists as of the Closing Date and that no material charges have occurred to the business or assets of any of them since December 31, 2013;

(s) a signed agreement with Buffalo Wild Wings (in form and substance satisfactory to the Administrative Agent) confirming and amending a document titled "Franchisor Agreement" dated September 25, 2012.

9.1 Conditions Precedent to Line Advances and Revolver Advances. Administrative Agent's obligation to make the any Line Advance, Revolver Advance or Swingline Loan is subject to the conditions precedent that (a) Administrative Agent shall have received on or before the date of each Line Advance, Revolver Advance or Swingline Loan (as applicable), in form and substance reasonably satisfactory to Administrative Agent and its special counsel, Partridge Snow & Hahn LLP, the following documents, and (b) the following conditions have been satisfied to the reasonable satisfaction of the Administrative Agent:

- (i) The representations and warranties contained in Section 10 are correct on and as of the date of such Line Advance, Revolver Advance or Swingline Loan (as applicable) as though made on and as of such date;
- (ii) No event has occurred and is continuing under this Agreement, which constitutes a Default or an Event of Default;
- (iii) There shall be no liens filed against the Collateral other than those (a) in favor of Administrative Agent, (b) reflected in the Proforma Title Insurance Policies delivered to the Administrative Agent and accepted by the Administrative Agent prior to the Closing Date, (c) permitted in Section 12.2 hereof, or (d) approved by the Administrative Agent in writing as of the date of this Agreement or any date thereafter;
- (iv) No Line Advance, Revolver Advance or Swingline Loan shall be made after the second anniversary of the date hereof;
- (v) With respect to any Line Advance involving a restaurant or fee property to be operated or owned by a New Affiliate (which is not at the time of this Agreement a Borrower hereunder), the execution by such new entity of a joinder agreement in the form attached hereto as Exhibit 9.1(v) (a “ **Joinder Agreement** ”) pursuant to which the New Affiliate will become obligated for all obligations of the Borrowers to the Lenders and the Swingline Lender;
- (vi) The execution by the New Affiliate of such documents as the Administrative Agent shall require, including without limitation, an all asset security agreement covering all assets of the New Affiliate, and if applicable, a Fee Mortgage or Leasehold Mortgage, and such other documents related thereto as shall be reasonably required by Administrative Agent;
- (vii) The Lease Adjusted Leverage Ratio as of the date of such Line Advance, after giving effect to the Line Advance to be made shall be .25x less than the ratio that the Loan Parties are required to be in compliance with pursuant to Section 12.6 hereof as of the date of such requested Line Advance (this condition shall be referred to as the “ **Incurrence Test** ”);

As to any Line Advance to be used to acquire real estate, a satisfactory environmental assessment, a lender’s title insurance policy in form and substance satisfactory to the Administrative Agent, and a satisfactory appraisal prepared by an appraiser approved by the Administrative Agent directed to the Administrative Agent, and such other documents related thereto as shall be reasonably required by Administrative Agent;

(viii) With respect to any Line Advance, Administrative Agent shall have been granted a valid first priority fee mortgage or leasehold mortgage (as the case may be) covering the property on which the project is located, in form and substance satisfactory to the Administrative Agent and such other documents related thereto as shall be reasonably required by Administrative Agent; and

(ix) A Notice of Borrowing for a Line Advance, a Revolver Advance, or Swingline Loan as applicable in the form attached hereto as Exhibit 4.3, Exhibit 6.3, or Exhibit 5.2(a) signed by a duly authorized officer of the Borrowers dated the date of such Advance.

(x) If a Swingline Loan is requested, (i) all conditions set forth in Section 5 shall have been satisfied and (ii) there shall exist no Lender that is a Defaulting Lender unless the Swingline Lender has entered into satisfactory arrangements with the Borrowers or such Defaulting Lender to eliminate the Swingline Lender's risk with respect to such Defaulting Lender's in respect of its Swingline Commitment;

(xi) landlord estoppel and consent agreements or acknowledgement/consent of landlord estoppel and consent Agreements (as applicable) for each of the properties listed on the attached Schedule 9.1(xii); and

(xii) such material documents with respect to the acquisition, construction and equipping of operating facilities of any Borrower or applicable Affiliate being financed by such Borrowing, and the granting of liens thereon in favor of the Administrative Agent (for the benefit of the Lenders) including without limitation, project budgets for each project.

9.2 Requisition Procedures/Line Advances. Line Advances shall be made on the basis of written requisitions signed by the Borrowers with respect to each project which shall be irrevocable when delivered by the Borrowers to the Administrative Agent. Written requisitions shall be in form and substance reasonably acceptable to Administrative Agent. The Administrative Agent will with reasonable promptness notify the Borrowers as to any incomplete, missing or deficient items, but the failure of the Administrative Agent to so notify the Borrowers shall not affect the conditions to a Line Advance contained herein.

(a) Each requisition for a Line Advance must be satisfactorily reviewed by the Administrative Agent or an Administrative Agent's representative prior to the advance being made.

Each Line Advance shall be in an amount no greater than the percentages set forth in Section 4.2 hereof with respect to the acquisition cost of fee property or the value of the cost of construction work and materials (i.e., so-called "hard" costs) and so-called "soft" costs completed, requested by Borrowers and actually then due and payable certified by the Borrowers (and evidenced by invoices), with respect to that particular requisition. This Agreement is solely for the benefit of the Lenders and the Swingline Lender and the Borrowers, and nothing contained herein shall confer upon anyone other than the Borrowers or the Administrative Agent, any right to insist upon or to enforce the performance or observance of any of the obligations contained herein or be a beneficiary of any such obligations.

(b) Advances under this Agreement shall be made by credit to an account designated by the Borrowers in the Notice of Borrowing for a Development Line of Credit Loan.

(c) Funds advanced to the Borrowers shall be applied only to the costs of the project as set forth in the corresponding project budget and to the Borrowers' other obligations under this Agreement.

(d) Each requisition for an advance must be satisfactorily reviewed by the Administrative Agent or an Administrative Agent's representative prior to the Advance being made.

(e) The Administrative Agent shall make Line Advances for materials stored on site or at other suitable locations in the Administrative Agent's reasonable judgment, subject to the Administrative Agent's receipt of adequate proof that the Borrowers (or its applicable subsidiary or Affiliate) have absolute title thereto and sufficient insurance thereon.

SECTION 10. Borrowers' Representations and Warranties

To induce the Lenders and the Swingline Lender to enter into this Agreement and to make the Loans hereunder, each Borrower makes the following representations and warranties which shall survive the execution and delivery of this Agreement and the Notes:

10.1 Existence and Rights.

(a) Each Loan Party is duly organized, validly existing and in good standing under the laws of its state of organization, has full power and authority, rights and franchises to own its properties and assets and to carry on its business as now conducted, and is duly qualified to do business and in good standing in each jurisdiction in which the character of the properties and assets owned by it or the business transacted by it makes such qualification necessary;

(b) Borrower has all necessary power and authority to enter into and perform its obligations under this Agreement, the Notes, the Hedging Contracts, the Secured Hedge Agreements and the Collateral Documents, to borrow money and to grant security interests in the Collateral;

(c) Except as specifically set forth herein, Borrower possesses all permits, memberships, franchises, contracts and licenses required and all trademark rights, trade name rights, patent rights, copyrights, and fictitious name rights necessary to enable it to conduct the business in which it is now engaged. The Franchise Documents and all documents executed in connection therewith are in full force and effect, no material defaults thereunder have occurred and are continuing, and no notice of intent to either terminate or not renew the Franchise Documents has been received by the Borrower.

10.2 Agreement and Notes Authorized. The execution, delivery, and performance of this Agreement, the Notes, the Hedging Contracts, the Secured Hedge Agreements and each of the Collateral Documents are duly authorized and do not require the consent or approval of Buffalo Wild Wings or the consent, approval or authorization of or filing or registration with any governmental body or regulatory authority, other than such consents or approvals as have been obtained and the filing of Uniform Commercial Code financing statements with respect to the Collateral; and this Agreement is, and the Notes, the Hedging Contracts, the Secured Hedge Agreements and the Collateral Documents when executed will be, legal, valid and binding obligations of each signor thereof, enforceable against each person as may be a party thereto in accordance with their respective terms.

10.3 No Conflict. The execution, delivery, and performance of this Agreement, the Notes, the Hedging Contracts, the Secured Hedge Agreements and the Collateral Documents will not breach or constitute a default under any of the Franchise Documents or any other agreement, indenture, undertaking, or other instrument to which the Borrowers are a party or by which they or any of their property may be bound or affected, and will not contravene or conflict with any law, regulation, writ, judgment, decree or order of any court or governmental or regulatory authority applicable to it, or, if it is not a sole proprietorship, any term or provision of its organizational documents; and other than in favor of the Administrative Agent, such execution, delivery, and performance will not result in the creation or imposition of (or the obligation to create or impose) any Lien on, any of its property pursuant to the provisions of any of the foregoing.

10.4 Litigation. To the best of the knowledge of each Borrower, there are no suits, actions or other proceedings pending or, to its knowledge, threatened against or affecting any of the Loan Parties or any of their respective properties, and, other than as disclosed in writing to the Administrative Agent, no other suits, actions, tax claims or proceedings are pending or threatened which, if determined adversely, would impair its financial condition or ability to repay the Obligations or otherwise have a Materially Adverse Effect on the assets, business or prospects of any of the Borrowers.

10.5 Financial Condition. The financial statements and all other statements and data submitted by the Borrowers in connection with this Agreement are true and correct in all material respects and sufficiently complete to give the Lenders and the Swingline Lender accurate knowledge of the financial condition of each Loan Party, including all material contingent liabilities, and said financial statements fairly present the financial condition of each of the Loan Parties at the date thereof and the results of the periods covered thereby, and have been prepared in accordance with the financial reporting requirements specified in Appendix I to this Agreement. Since the date of the most recent financial statements referred to above, there have been no Material Adverse Changes in the financial condition, business or prospects of any of the Loan Parties other than changes in the ordinary course of business, and no such changes have been Materially Adverse Changes. None of the Borrowers have any knowledge of any liabilities, contingent or otherwise, not reflected in said financial statements.

10.6 Title to Assets. Each of the Loan Parties has good and marketable title to their assets, including without limitation all assets shown on the financial statements from time to time delivered or pledged to the Administrative Agent; and except as permitted under this Agreement, such assets are not subject to any Liens other than those permitted under Section 12.2.

10.7 Tax Status. Each of the Loan Parties has filed all federal, state, city and other tax returns required to be filed. All taxes, assessments and other governmental charges shown to be due on said returns or in any assessments made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any governmental authority have been paid. None of the Borrowers has any knowledge of any pending assessments or adjustments of their income tax for any year.

10.8 Compliance with Law. Each of the Loan Parties has duly observed, conformed and complied in all material respects with all laws, decisions, judgments, rules, regulations and orders of all courts, governmental and regulatory authorities relating to the conduct of its business, or its properties and assets, except those being contested in good faith by appropriate proceedings diligently pursued with adequate reserves established.

10.9 Other Regulations. None of the Loan Parties are subject to any statute or regulation restricting its ability to incur Indebtedness or encumber its properties.

10.10 Security Interest. The Notes and all other Obligations of the Borrowers hereunder will be secured by, and the security interests created by the Security Agreements, the Mortgage Documents and the other Loan Documents will create, a valid, first priority security interest in favor of the Administrative Agent for the benefit of the Lenders and the Swingline Lender in the Collateral (except as provided in Section 9.1(iii) hereof), enforceable against the creditors of the Borrowers, any person with an interest in the real property where any Collateral is located and any present or future creditor obtaining a Lien on such property. All Collateral owned by the Borrowers, or any of them, shall also secure all other present and future Obligations of the Borrowers to the Lenders (excluding any consumer credit covered by the federal Truth in Lending law, unless the Borrower has otherwise agreed in writing or received written notice thereof). All personal property collateral securing any other present or future obligations of the Borrowers to the Lenders shall also secure the Obligations.

10.11 Collateral. All Collateral is owned by the grantor of the security interest therein free and clear of any title defects or any Liens or interests of others, except those approved in writing by the Lenders. Without limiting the generality of the foregoing, each of the Borrowers expressly represents that they are the legal and equitable owners of the Collateral represented by them to be owned by them and hold the same free and clear of all Liens and rights of others of every kind and nature whatsoever, except for any security interest permitted by Section 12.2 of this Agreement, and each has good right and legal authority to assign, deliver, and/or create a security interest in such Collateral in the manner hereby provided or contemplated.

10.12 Other Obligations. None of the Loan Parties are in default on any material obligation for borrowed money, any purchase money obligation or any other material lease, commitment, contract, instrument or obligations. There is no event which is, or with notice or lapse of time, or both, would be a default under this Agreement.

10.13 Insurance. The Borrowers have obtained, and maintained in effect, the insurance coverage required by Section 11.2 of this Agreement.

10.14 ERISA. That the most recent annual report filed by each Borrower pursuant to Section 104 of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), (including without limitation, all related financial and actuarial statements) is complete and correct, and no event has occurred and is continuing which would permit the Pension Benefit Guaranty Corporation (“**PBGC**”) established under ERISA to institute proceedings to terminate any pension plan, or other class of employee benefit which the PBGC has elected to insure (“Pension Plan”), established or maintained by each Borrower or any Affiliate.

10.15 Environmental Matters. Each of the Borrowers and their Subsidiaries have conducted in the ordinary course of business a review of the effect of existing Environmental Laws and claims alleging potential liability or responsibility for violation of any Environmental Law on their respective businesses, operations and properties, and as a result thereof each of the Borrowers have reasonably concluded that to their knowledge, except as disclosed in the environmental reports obtained by the Administrative Agent in connection with the Loans (hereinafter referred to as the “**Environmental Reports**”), such Environmental Laws and claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Borrowers make the following additional representations and warranties:

(a) To their knowledge, none of the Borrowers nor any operator of any of Borrowers' properties (herein collectively called the "Real Estate"), or any operations thereon, is in violation, or alleged violation, of any judgment, decree, order, law, license, rule or regulation pertaining to environmental matters, including without limitation, those arising under the Resource Conservation and Recovery Act ("RCRA"), the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), the Federal Clean Water Act of 1977, the Federal Clean Air Act, the Toxic Substances Control Act, the Hazardous Materials Transportation Act, or any other federal, or state or local statute, regulation, ordinance, order or decree relating to health, safety or the environment, which violation involves any Real Estate or would have a material adverse effect on the environment or a Material Adverse Effect.

(b) None of the Borrowers has received any written notice from any third party, including without limitation any federal, state or local governmental authority, (i) that it has been identified by the United States Environmental Protection Agency ("EPA") as a potentially responsible party under CERCLA with respect to a site listed on the National Priorities List, 40 C.F.R. Part 300 Appendix B (1986); (ii) that any hazardous waste, as defined by 42 U.S.C. § 9601(5), any hazardous substances as defined by 42 U.S.C. § 9601(14), any pollutant or contaminant as defined by 42 U.S.C. §9601(33) or any toxic substances, oil or hazardous materials or other chemicals or substances regulated by any Environmental Laws (collectively, "Hazardous Materials") which it has generated, transported or disposed of have been found at any site at which a federal, state or local agency or other third party has conducted or has ordered that any Borrower conduct a remedial investigation, removal or other response action pursuant to any Environmental Laws; or (iii) that it is or shall be a named party to any claim, action, cause of action, complaint, or legal or administrative proceeding (in each case, contingent or otherwise) arising out of any third party's incurrence of costs, expenses, losses or damages of any kind whatsoever in connection with Hazardous Materials.

(c) To the best knowledge of the Borrowers, and except to the extent disclosed in the Environmental Reports, no portion of the Real Estate has been used for the handling, processing, storage or disposal of Hazardous Materials except in accordance with applicable Environmental Laws; and no underground tank or other underground storage receptacle for Hazardous Materials is located on any portion of the Real Estate except in accordance with applicable Environmental Laws; and (i) in the course of any activities conducted by any Borrower or the operators of its properties, no Hazardous Materials have been generated or are being used on the Real Estate except in accordance with applicable Environmental Laws; (ii) there has been no past or present releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, disposing or dumping (a "Release" or "Releases") or threatened Release of Hazardous Materials on, upon, into or from the Real Estate, which Release would have an adverse effect on the value of the Real Estate or adjacent properties or the environment; (iii) there have been no Releases on, upon, from or into any real property in the vicinity of the Real Estate which, through soil or groundwater contamination, may have come to be located on, and which would have a material adverse effect on the value of, the Real Estate; and (iv) any Hazardous Materials that have been generated on the Real Estate have been transported off-site only by carriers having an identification number issued by the EPA, treated or disposed of only by treatment or disposal facilities maintaining valid permits as required under applicable Environmental Laws, which transporters and facilities have been and are operating in compliance with such permits and applicable Environmental Laws.

(d) To the best knowledge of the Borrowers and except as disclosed in the Environmental Reports, no part of the Real Estate is or shall be subject to any applicable environmental clean-up responsibility law or environmental restrictive transfer law or regulation, by virtue of the transactions set forth herein and contemplated hereby.

10.16 Regulation U. None of the Loan Parties are engaged principally, or as one of their important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System), and no part of the proceeds of any extension of credit under this Agreement will be used to purchase or carry any such margin stock or to extend credit to others for the purpose of purchasing or carrying any such margin stock.

SECTION 11. Borrowers' Affirmative Covenants

Each Borrower covenants and agrees that until payment in full of all amounts outstanding hereunder and under the Notes, each shall do all of the following (and shall where specifically indicated herein, cause the other Loan Parties to do the following):

11.1 Legal Existence, Franchisee Standing, Etc. Maintain and preserve its legal existence in the form of organization identified in the certificates delivered to the Administrative Agent and the Swingline Lender pursuant to Section 9(f) of this Agreement; continue to be a franchisee of Buffalo Wild Wings or Bagger Dave's (as applicable) in good standing and maintain all rights, privileges, franchises, and other authority adequate for the conduct of its business; maintain the Collateral and its other properties, equipment, and facilities in good order and repair; and conduct its business in an orderly manner without voluntary interruption; provided however that the Borrowers may (i) dissolve Cascade Burgers Real Estate, Inc., AMC Bagley Real Estate, Inc., and Ansley Group, LLC provided the Borrowers give written notice of each such dissolution to the Administrative Agent not more than thirty (30) days following each such dissolution, and (ii) dissolve AMC Hammond Real Estate, Inc., and AMC Birch Run Real Estate, Inc. following the sale of the premises owned by such party to Spirit pursuant to the Spirit P&S, provided the Borrowers give written notice of each such dissolution to the Administrative Agent not more than thirty (30) days following each such dissolution.

11.2 Insurance. Maintain insurance for the Collateral and its other properties in such amounts and in such form as is customary for similarly situated businesses in accordance with the requirements of the Franchise Documents, and the Collateral Documents (including without limitation Flood Insurance (if applicable) errors and omissions and Directors and Officers Insurance) providing for not less than thirty (30) days notice of cancellation or change in form or nonrenewal to the Administrative Agreement, the Lenders and the Swingline Lender or such Party's assignee, as the case may be, and with losses with respect to the Collateral payable to the Administrative Agent under a lender's loss payable endorsement with respect to personal property, an additional insured with respect to liability insurance, and as mortgagee with respect to the Fee Premises and the Leasehold Premises. Upon the request of the Administrative Agent to deliver to the Lenders or the Swingline Lender a copy of each insurance policy, or if permitted by the Administrative Agent, a certificate or other evidence of insurance listing all insurance in force.

11.3 Use of Collateral; Taxes and Other Liabilities. Keep the Collateral in good order and repair, and use the same in compliance with all applicable laws and policies of insurance thereon, and pay and discharge, before the same become delinquent and before penalties accrue thereon, all taxes, assessments, and governmental charges upon or against it or the Collateral, or for its use or operation, or any of its other properties, and all its other liabilities at any time existing. Upon an Event of Default, the Administrative Agent may discharge taxes and other encumbrances at any time levied or placed on the Collateral, make reasonably necessary repairs thereon, or provide reasonably necessary maintenance with respect to it, and place and pay for appropriate insurance thereon and pay any necessary filing fees, and the Borrowers will reimburse the Administrative Agent on demand for any and all expenditures so made, and, until paid, the amount thereof shall be an obligation secured by the Collateral and shall bear interest at a rate equal to the Alternate Base Rate plus five percent (5%) per annum until paid, provided that neither the Administrative Agent nor any of the Lenders nor the Swingline Lender shall have any obligation to make any such expenditures nor shall the making thereof relieve any of the Borrowers of any Default;

11.4 Records and Reports . Maintain a system of accounting in accordance with GAAP and, as applicable, furnish to the Administrative Agent, the following information and reports (all of which must be in form and substance reasonably satisfactory to the Administrative Agent, the Lenders and the Swingline Lender):

(a) as soon as available, and in any event within one hundred and twenty (120) days after the close of each fiscal year of each of the Loan Parties, annual financial statements (the “ **Audited Financial Statements** ”) of the Loan Parties on a consolidated and consolidating basis, including balance sheets, income statements, profit and loss statement, and statements of cash flow, and store-by-store operating performance (profit and loss statement), including a comparison of each store’s performance for the prior fiscal year prepared by each Borrower’s independent certified public accountant reasonably satisfactory to the Administrative Agent (such certificate to be in such form as generally recognized as unqualified and to be accompanied by an opinion of such certified public accountants that, to their knowledge, there had occurred no event which is, or with the lapse of time or the giving of notice or both would be, an Event of Default hereunder or, if the contrary had appeared from their examination, to state facts found by them);

(b) as soon as available, and in any event within one hundred twenty (120) days after the close of each fiscal year of each of the Loan Parties, a covenant compliance certificate substantially in the form attached hereto as Exhibit 11.4 signed by a duly authorized officer of each such Borrower or other duly authorized agent for each Borrower together with the Loan Parties’ calculations evidencing compliance with the financial covenants contained in Sections 12.5 and 12.6 of this Agreement;

(c) as soon as available, and in any event within forty-five (45) days after the close of each fiscal quarter each of the Loan Parties, internally prepared quarterly balance sheets and income statements of the Loan Parties on a consolidated and consolidating basis with store-by-store operating performance (profit and loss statement), and, at any time that an Event of Default has occurred and is continuing hereunder, if requested by Administrative Agent, quarterly balance sheets and income statements of the Loan Parties on a consolidating and consolidated basis prepared by the Loan Parties’ independent accountants, reasonably satisfactory to the Required Lenders;

(d) Within twenty (20) days after the end of each calendar month individual store sales reports in form and substance satisfactory to the Administrative Agent, for the immediately preceding month;

(e) as soon as available, and in any event within forty-five (45) days after the close of each fiscal quarter of each of the Loan Parties, a covenant compliance certificate substantially in the form attached hereto as Exhibit 11.4 signed by a duly authorized officer of each such Borrower or other duly authorized agent for each such Borrower;

(f) as soon as available, and in any event within ninety (90) days after the close of each fiscal year of each of the Borrowers, commencing with the year ending December 31, 2014, annual management prepared projections/forecasts and business plans for each such Borrower for each of the stores operated by the Borrowers, in form and substance satisfactory to the Administrative Agent;

(g) [Intentionally deleted];

(h) when received notices of material litigation and proceedings, material environmental actions and liabilities and material ERISA and Tax events and liabilities; and

(i) such other information relating to the affairs of the Loan Parties as the Administrative Agent reasonably may request from time to time, including, without limitation, financial statements, in form and substance satisfactory to the Lender, certificates of good standing issued by the Governmental Authorities of the relevant jurisdiction of formation, and copies of federal, state and local tax returns.

11.5 Inspection. Permit the Administrative Agent, the Lenders and the Swingline Lender, or their agents or designees, at any time and from time to time, and at Lender's sole cost and expense (absent an Event of Default), to discuss the affairs, finances and accounts of the Borrowers with their officers, representatives, accountants, and with any employee, agent or representative of Buffalo Wild Wings or Bagger Dave's, to visit and inspect the Collateral and other properties of the Borrowers, provided that any such visit shall be conducted in a manner so as not to unreasonably interfere with the business of the store where the Collateral is located and shall require prior notice to the Borrowers, and to examine and make copies of and take abstracts from the books and records of the Borrowers. If any of the properties, books or records are in the possession of a third party, the Borrowers authorize that third party to permit the Administrative Agent, the Lenders and the Swingline Lender, or their agents to have access to perform inspections or audits and to respond to the Administrative Agent's, the Lender's and the Swingline Lender's requests for information concerning such properties, books and records, following prior notice to Borrowers by Administrative Agent or Lenders or the Swingline Lender.

11.6 Use of Loan Proceeds. No portion of any proceeds of any Loan will be used for personal, family, or household purposes. No portion of any proceeds of any Loan will be used directly or indirectly to purchase or carry any "margin stock" as that term is defined in Regulation U of the Board of Governors of the Federal Reserve System, or to extend credit to, or invest in, other parties for the purpose of purchasing or carrying any such "margin stock," or to reduce or retire any Indebtedness incurred for such purpose.

11.7 Notice of Certain Events. Promptly notify the Administrative Agent of the occurrence of (i) any Default or Event of Default; (ii) any change in the name, address(es), identity, place of business, chief executive office (if any), or organizational structure of any of the Borrowers from that shown on the certificate delivered to the Administrative Agent pursuant to Section 9(f) hereof or in any subsequent notice delivered pursuant to this Section, (which notice shall be given no later than one month prior to the effective date of any such change); (iii) any litigation with Buffalo Wild Wings or Bagger Dave's and any other litigation which, if adversely determined, might have a Material Adverse Effect on the assets, business or prospects of any of the Borrowers; (iv) any attachment, levy, execution or other legal process levied against any of the Collateral.

11.8 Compliance with Laws. Duly observe, conform and comply in all material respects with all laws (including any fictitious or tradename statute), decisions, judgments, rules, regulations and orders of all governmental and regulatory authorities relating to the conduct of its business or its properties and assets, except those being contested in good faith by appropriate proceedings diligently pursued.

11.9 Compliance with Franchise Documents. Duly observe, conform and comply in all material respects with each of the obligations imposed on it in each of the Franchise Documents.

11.10 Locations of Collateral. All Collateral, will be kept at the locations disclosed to the Administrative Agent as of the date of this Agreement; provided, however, that inventory may be moved to any Buffalo Wild Wings or Bagger Dave's store operated by any of the Borrowers without prior written notice to the Administrative Agent in order to maintain the normal business operations of such store.

11.11 Further Assurances. At all times, and from time to time, execute and deliver such further documents and agreements and perform such acts as may reasonably be requested by the Administrative Agent to effect the purposes and intent of the parties to this Agreement, including without limitation, performing any act and providing the Administrative Agent with any documentation necessary to perfect the security interest in the Collateral.

11.12 Deposit Account. The Borrowers shall have all of their Cash Management Services (excluding lockbox services and including but not limited to the agreements relating to the Borrowers' arrangements regarding the management and investment of the Borrowers' cash assets) maintained with a Lender acceptable to the Administrative Agent.

11.13 Annual Clean-up Requirement for Revolving Line of Credit Loan. The Borrowers shall cause the outstanding principal balance of the Revolving Line of Credit Loan to be \$0 for at least 90 consecutive days during each twelve (12) month period while the Revolving Line of Credit Loan is outstanding, commencing with the first twelve (12) month period measured from the Closing Date.

SECTION 12. Borrower's Negative Covenants

Each Borrower covenants and agrees that until payment in full of all amounts outstanding hereunder and under the Notes and under the Loan Documents, each Borrower shall not do any of the following, and shall not cause, allow or permit any of the other Loan Parties to do any of the following:

12.1 Additional Indebtedness. Create, incur, assume or permit to continue any Indebtedness, except (i) Indebtedness to the Administrative Agent, the Lenders and the Swingline Lender, (ii) indebtedness related to the purchase money security interests referred to in Section 12.2(e) below, (iii) Indebtedness listed on the attached Exhibit 12.1, and (iv) Indebtedness to any shareholders or members of the any Loan Party (in an aggregate amount of not more than \$100,000.00), provided that any indebtedness to any shareholders or members of any Loan Party shall be subordinated to all Indebtedness of the Borrower to the Lenders and the Swingline Lender pursuant to subordination agreements in form and satisfactory to Administrative Agent, and provided further that no payment on any such shareholder or member indebtedness may be made at any time that a Default or an Event of Default has occurred and is continuing hereunder or when such payment on any such shareholder indebtedness would result or would be reasonably expected to result in a Default or an Event of Default immediately upon such payment or with the passage of time.

12.2 Liens and Encumbrances. Create, incur, assume, or permit to exist any Lien on, or sell or transfer, either with or without recourse, any interest in, the Collateral other than the following:

- (a) Liens in favor of the Administrative Agent, the Swingline Lender or the Lenders or any of their Affiliates;
- (b) Liens for Taxes not delinquent or being contested in good faith and in appropriate proceedings for which adequate reserves have been established, provided that no notice of lien has been filed or other action taken to perfect or foreclose on such Lien;
- (c) Liens in connection with workers' compensation, unemployment insurance, or social security obligations;

(d) Mechanics', workmen's, materialmen's, landlords', carriers', or other like Liens arising in the ordinary and normal course of business with respect to obligations which are not due or which are being contested diligently in good faith with adequate reserves established;

(e) Purchase money security interests securing Indebtedness not to exceed \$100,000 in the aggregate for all of the Borrowers outstanding at any time incurred in purchasing fixed assets in the ordinary course of business (which Indebtedness does not, when incurred, exceed the lesser of the purchase price or fair market value of the property being acquired) or in leasing fixed assets pursuant to capital leases, provided that no such purchase money security interest shall cover property other than property acquired with the proceeds of such Indebtedness and provided further that the Administrative Agent shall have been given prior written notice thereof;

(f) Liens granted to Buffalo Wild Wings or Bagger Dave's under the respective Franchise Agreements with each, provided that all such Liens shall be subordinated to the Lender and the Swingline Lender on terms and conditions satisfactory to the Administrative Agent; and

(g) Liens specifically permitted in Sections 9.1(iii) and 10.6 of this Agreement.

12.3 Merger or Consolidation. Liquidate, dissolve, merge or consolidate (except with another Loan Party), or sell or lease all or substantially all of its business or assets (except to another Loan Party) or materially change any of their entity organizational documents referred to in Section 9(f). Borrowers shall notify the Administrative Agent in writing of any permitted merger or consolidation or sale of assets within two (2) business days of such event.

12.4 Change in Control. Except as permitted in Section 12.3 above, permit any Change in Control.

12.5 Debt Service Coverage Ratio. Permit the Debt Service Coverage Ratio of the Loan Parties on a consolidated basis to be less than 1.20 to 1.0, on the last day of each fiscal quarter of the Loan Parties, measured on the basis of the last four (4) fiscal quarters of the Borrowers immediately preceding the date of such computation, commencing with the last day of the fourth fiscal quarter of 2014.

12.6 Lease Adjusted Leverage Ratio (tested on a quarterly basis). Permit the Lease Adjusted Leverage Ratio of the Loan Parties on a consolidated basis to be greater than 5.00:1.00, measured on the basis of the last four (4) fiscal quarters of the Borrowers immediately preceding the date of such computation, commencing with the last day of the fourth fiscal quarter of 2014.

12.7 Loans and Investments . Make investments in, or loans or advances to, any individual, partnership, corporation, trust or other organization or person, except that the Loan Parties may invest their excess funds in readily marketable securities issued by the United States of America maturing within one (1) year from the date of acquisition, and in prime commercial paper and in certificates of deposit maturing within one (1) year issued by commercial banks having capital, surplus and undivided profits aggregating not less than \$20,000,000.00.

12.8 Restaurant Closures . Close any Restaurant operated by any of the Loan Parties without prior written consent of the Required Lenders, except that the Borrowers may close any Restaurant provided that a new Restaurant is opened within a ten (10) mile radius of the closed Restaurant within one hundred eighty (180) days of the closure, and Administrative Agent receives such documents as it deems necessary to perfect a security interest in all of the assets of the applicable Loan Parties associated with the new location at the time such assets are acquired by such Loan Party. Borrowers shall notify the Administrative Agent in writing of the closure no less than thirty (30) days prior to such anticipated closure.

12.9 Distributions . Except as otherwise permitted herein, make any Distribution without the prior written consent of the Required Lenders, provided , however , that, Distributions may be made so long as the Loan Parties remain in compliance with the Debt Service Coverage Ratio, after giving effect to such Distribution.

12.10 Guarantee . None of the Borrower Loan Parties shall Guarantee the debt of, or become a surety or an accommodation party for, any other entity.

12.11 Nature of Business . None of the Loan Parties will, nor will any of them permit any Subsidiary to, alter the character of its business in any material respect from that conducted as of the Closing Date.

12.12 Dispositions . Make any Disposition or enter into any agreement to make any Disposition, except:

- (a) Dispositions of obsolete or worn out property, whether now owned or hereafter acquired, in the ordinary course of business;
- (b) Dispositions of inventory in the ordinary course of business;
- (c) Dispositions of equipment or real property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are reasonably promptly applied to the purchase price of such replacement property;

(d) Dispositions of property by any Subsidiary to a Loan Party or to a wholly-owned Subsidiary; provided that if the transferor of such property is a Guarantor, the transferee thereof must either be a Borrower or a Guarantor; and

(e) Dispositions made in accordance with the terms of the Spirit P&S.

provided, however, that any Disposition pursuant to clauses (a) through (d) shall be for fair market value.

12.13 Transactions with Affiliates. Enter into any transaction with any Affiliates which are outside of the ordinary course of business of such Loan Party, without the prior written consent of the Required Lenders, which consent shall not be unreasonably withheld, conditioned or delayed.

12.14 Collateral Matters. Release any lien on any property granted to, or held by, the Administrative Agent under any Collateral Document and any Entity Guarantor under any Guaranty except (a) upon termination of the Commitments and payment in full of all Obligations (including any obligations in connection with any Hedging Contract or Secured Hedge Agreement, whether due at such time or in the future or upon the occurrence of a contingency), (b) in connection with a sale permitted under the Loan Documents, or (c) upon approval of all of the Lenders and the Hedge Provider.

12.15 Development of Bagger Dave's Legendary Burger Tavern Restaurants. The Borrowers may not build-out/develop more than eight (8) Bagger Dave's Legendary Burger Tavern Restaurants during fiscal year 2015, or more than more than eight (8) Bagger Dave's Legendary Burger Tavern Restaurants during fiscal year 2016.

SECTION 13. Security Interest

13.1 Creation of Security Interest. As collateral security for the payment and performance in full of all Obligations, each of the Borrowers shall execute and deliver to the Administrative Agent, for itself and for the benefit of the Lenders and the Swingline Lender on the date hereof a Security Agreement and the Mortgage Documents.

13.2 Rights in Collateral. In addition to and not in limitation of its rights under the Security Agreements and the Mortgage Documents, the Administrative Agent may, except to the extent limited in Section 19.3, at its option, at any time, whether or not obligations of the Borrowers to the Lender or the Swingline Lender are due, without notice or demand on the Borrowers, with respect to any Collateral (i) make, adjust and settle claims under any insurance policy related thereto; and (ii) take such other action, including, without limitation, the execution and delivery of any instruments, documents and agreements in the name of Borrowers, or any of them, as the Administrative Agent deems necessary or desirable to protect its interests therein and to carry out the purposes of this Agreement. Neither the Administrative Agent nor any of the Lenders nor the Swingline Lender shall have any duty as to the collection or protection of the Collateral or as to the preservation of any rights pertaining thereto. Administrative Agent shall have no obligation whatsoever to any Lender or the Swingline Lender or any other Person to assure that the Collateral exists or is owned by the Borrowers or any of them or is cared for, protected or insured or that the Liens granted to the Administrative Agent herein or in any of the Collateral Documents or pursuant hereto or thereto have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, or to exercise or to continue exercising at all or in any manner or under any duty of care, disclosure or fidelity any of the rights, authorities and powers granted or available to Administrative Agent in this Section 13.2 or in any of the Collateral Documents, it being understood and agreed that in respect of the Collateral, or any act, omission or event related thereto, Administrative Agent may act in any manner it may deem appropriate, in its sole discretion, given Administrative Agent's own interest in the Collateral as one of Lenders or the Swingline Lender and that the Administrative Agent shall have no duty or liability whatsoever to any of the Lenders.

13.3 Cross Collateralization. All of the Loans and the obligations of the Guarantors under the Guaranties of the obligations of the Borrowers under the Loans shall be cross collateralized by all of the Collateral granted by the Borrowers and Guarantors or any of them to the Administrative Agent.

SECTION 14. Events of Default

Upon the occurrence of any of the following events (each an “ **Event of Default** ”), at the option of the Required Lenders, or automatically without notice or any other action upon the occurrence of any event specified in Section 14.8, the obligation of the Lenders and the Swingline Lender under their respective Commitments to make any of the Loans or any Line Advance or Revolver Advance or Swingline Loan shall terminate, and the unpaid principal amount of all Loans together with accrued interest and all other Obligations owing by the Borrowers, and each of them, to the Administrative Agent and/or the Lenders and the Swingline Lender shall become immediately due and payable without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived:

14.1 Failure to Pay Obligations. Failure to provide sufficient funds in the Account to enable payment, or otherwise fail to make payment, of any principal amount owing under the Notes when due, or any interest thereon, or any fees or any other amount required hereunder, which failure shall continue beyond any applicable grace or cure period.

14.2 Failure to Maintain Legal Existence, Franchisee Standing, Etc. Failure of Borrowers, or any of them, to perform any covenant contained in Section 11.1, provided that Borrowers shall have thirty (30) days to remedy the condition giving rise to such failure unless such condition gives Buffalo Wild Wings or Bagger Dave’s (as applicable) the right to terminate any franchise agreement between such entity and any of the Borrowers.

14.3 Failure to Comply with Franchise Documents . Failure of Borrowers, or any of them, to perform any covenant contained in Section 11.9 after giving effect to any applicable cure periods contained in the Franchise Documents.

14.4 Breach of Certain Covenants . Failure of Borrowers, or any of them, to perform any covenant contained in Sections 11.2, 11.7 and 12.1 through 12.14 of this Agreement.

14.5 Breach of Covenant . Failure of Borrowers, or any of them, to perform any term, covenant or condition of this Agreement, the Notes, the Hedging Contracts, the Secured Hedge Agreements or the Collateral Documents (other than those specified in Sections 14.1, 14.2, 14.3 and 14.4 above), which failure shall continue beyond any applicable grace or cure period.

14.6 Breach of Representation or Warranty/Fraud . Any fraud committed or permitted by Borrowers, or any of them, or any Guarantor, or any representation or warranty of Borrowers, or any of them, or any Guarantor made herein, in any or in connection with any of the Collateral Documents or in any statement or certificate at any time given in writing pursuant hereto or in connection herewith shall be false or misleading in any material respect when made.

14.7 Default Under Other Agreements . Default by a Loan Party, or any of them, (as principal or guarantor or other surety) in the payment of any obligation for borrowed money or other credit accommodation (including obligations under leases), or in the performance of any agreement evidencing or securing such obligations, which alone or in the aggregate exceed \$500,000.00, for such period of time which permit or as would have permitted the holder or holders thereof or of any obligations issued thereunder to accelerate the maturity thereof, assuming the delivery of any required notices, or would have constituted an event of default thereunder.

14.8 Bankruptcy, Etc . The occurrence of any of following by, against or with respect to the Loan Parties, or any of them, or any endorser, guarantor or surety for any obligation of Borrowers to the Lender or the Swingline Lender, or any general partner of any Borrower or any such endorser, guarantor or surety: Dissolution (other than a dissolution permitted in Section 11.1 of this Agreement), termination of existence or insolvency; or appointment of a receiver of any property of substantial value; or a common law assignment or trust mortgage for the benefit of creditors; or the filing of a petition in bankruptcy or the commencement of any proceedings under any bankruptcy or insolvency laws or any law relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension; provided however, in the case of the filing of a petition in bankruptcy or the commencement of any such proceedings against any such party, such party shall have sixty (60) days from the date of such filing or the commencement of such proceedings to dismiss such proceedings.

14.9 Litigation; Judgments or Attachments . Any material litigation against Borrowers, or any of them, shall be initiated by Buffalo Wild Wings or Bagger Dave's and not dismissed within thirty (30) days; or any money judgment or judgments in the aggregate sum of \$500,000.00 or more shall be rendered against Loan Parties, or any of them, or any of their respective assets and shall remain unsettled or unsatisfied for a period of thirty (30) days unless the effectiveness or finality of such judgment shall have been stayed within such thirty-day period; or any writ or warrant of attachment or similar process involving the aggregate sum of \$500,000.00 or more shall be entered or filed or levied against Loan Parties, or any of them, or any of their respective assets and shall not be discharged, released, stayed or bonded within thirty (30) days after its entry, filing or levy, or in any event by five (5) days prior to the date of any proposed sale thereunder.

14.10 Termination of Franchise . Any franchise agreement in which the Borrowers, or any of them, are a party shall have been terminated or not renewed for any reason without the prior written consent of the Administrative Agent or the Borrowers, or any of them, shall have been notified that Buffalo Wild Wings or Bagger Dave's intends either to terminate or not renew its franchise.

14.11 Dissolution; Death . (i) A receiver or similar official is appointed for a substantial portion of any Loan Party's business or the business of any guarantor of the Obligations, or such business is terminated, or Loan Parties, or any of them, or any such guarantor is liquidated or dissolved, (ii) any order, judgment or decree shall be entered against Borrowers, or any of them, or any Guarantor decreeing its dissolution or division or the expropriation or confiscation of its assets; or (iii) the death or permanent incapacity of the T. Michael Ansley shall have occurred.

14.12 Material Adverse Change; Lien Priority; Governmental Action . A Materially Adverse Change in the business, operations, properties, assets or condition (financial or otherwise) of any of the Borrowers or the ability to repay the Loans, occurs, or in the reasonable determination of the Required Lenders, is reasonably likely to occur; the Required Lenders shall have reasonably determined that it is insecure for any reason; the Required Lenders shall fail to have an enforceable first priority Lien in the Collateral, or any governmental authority shall take any action which the Required Lenders reasonably believe would result in a Materially Adversely Effect, or any Governmental Authority shall take any action that the Required Lenders reasonably believes materially adversely affects any Borrower's ability, or the ability of any guarantor of the Obligations, to repay the Loans.

14.13 Insurance or Condemnation Proceeds . The Borrowers, or any of them, or any Guarantor uses or applies (i) any insurance proceeds paid by reason of any loss, damage or destruction to the Collateral or (ii) any awards or other amounts received in connection with the condemnation of all or a portion of the Collateral, in violation of the terms of the Loan Documents.

14.14 Default on Hedging Contract/Secured Hedge Agreement . A Default, Event of Default, termination event or other similar condition or event (howsoever described in respect of a Loan Party), shall have occurred under any Hedging Contract or Secured Hedge Agreement and shall not have been cured or waived.

SECTION 15. Rights and Remedies of Administrative Agent, Lenders and Swingline Lender .

15.1 Pre- and Post-Default . Regardless of whether or not an Event of Default has occurred, in any jurisdiction where enforcement of its rights hereunder is sought, the Administrative Agent, the Lenders and the Swingline Lender shall have, in addition to all other rights and remedies, the rights and remedies of a secured party under the Uniform Commercial Code of Massachusetts or such other law as may be applicable and the Administrative Agent may exercise any and all rights it has under this Agreement, the Notes, the Collateral Documents or any other documents or agreements executed in connection herewith or therewith, or at law or in equity and proceed to protect and enforce its rights by any action at law, in equity or other appropriate proceeding.

15.2 Post-Default . Upon the occurrence of an Event of Default, the Administrative Agent, the Lenders and the Swingline Lender shall have the rights and remedies with respect to the Collateral provided for in the Collateral Documents, and all rights and remedies under any of the Loan Documents.

15.3 No Waiver; Cumulative Remedies; Enforcement . No failure by any Lender or Swingline Lender or Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Borrowers or Guarantors or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, Administrative Agent in accordance with Sections 14 and 15 for the benefit of all Lenders and the Swingline Lender; provided, however, that the foregoing shall not prohibit (a) Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (in its capacity as Administrative Agent or as a Lender or Swingline Lender hereunder) hereunder and under the other Loan Documents, (b) any Lender or Swingline Lender from exercising setoff rights in accordance with Section 8.5, or (c) any Lender or Swingline Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Borrower under any Debtor Relief Law (subject to Section 16.15); and provided, further, that if at any time there is no Person acting Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to Agent pursuant to Sections 14 and 15 and (ii) in addition to the matters set forth in clauses (b) and (c) of the preceding proviso and subject to Section 8.2, any Lender or Swingline Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

SECTION 16. Administrative Agent.

16.1 Appointment and Authority. (a) Each of the Lenders hereby irrevocably appoints Citizens to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the Swingline Lender, and none of the Borrowers shall have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term “ **Agent** ” or “ **agent** ” herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties; (b) Administrative Agent shall also act as the “ collateral agent ” under the Loan Documents, and each of the Lenders and the Swingline Lender hereby irrevocably appoints and authorizes Administrative Agent to act as the agent for the Lenders and the Swingline Lender for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Borrowers or Guarantors to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, Administrative Agent, as “ collateral agent ” and any co-agents, sub-agents and attorneys-in-fact appointed by Administrative Agent pursuant to Section 16.2 or otherwise for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents, or for exercising any rights and remedies thereunder at the direction of Administrative Agent, shall be entitled to the benefits of all provisions of this Section 16, as though such co-agents, sub-agents and attorneys-in-fact were the “collateral agent” under the Loan Documents as if set forth in full herein with respect thereto.

16.2 Nature of Duties. Anything herein to the contrary notwithstanding, none of the bookrunners, arrangers or other agents listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent or a Lender or Swingline Lender hereunder. Without limiting the foregoing, none of the Lenders or the Swingline Lender or other Persons so identified shall have or be deemed to have any fiduciary relationship with any Lender or Swingline Lender. Each Lender and Swingline Lender acknowledges that it has not relied, and will not rely, on any of the Lenders or other Persons so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any subagents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

16.3 Exculpatory Provisions. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its obligations hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

- (a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders or Swingline Lender as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may affect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to any Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders and the Swingline Lender as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Section 18.3) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent in writing by a Borrower or a Lender or the Swingline Lender.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Section 9 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

16.4 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, that by its terms must be fulfilled to the satisfaction of a Lender or Swingline Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender or Swingline Lender unless the Administrative Agent shall have received notice to the contrary from such Lender or Swingline Lender prior to the making of such Loan. The Administrative Agent may consult with legal counsel (who may be counsel for any of the Borrowers), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

16.5 Notice of Default . The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received written notice from a Lender or Swingline Lender or a Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a “ **notice of default** ”. In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Lenders and the Swingline Lender. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders; provided, however, that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders and the Swingline Lender except to the extent that this Agreement expressly requires that such action be taken, or not taken, only with the consent or upon the authorization of the Required Lenders, or all of the Lenders and the Swingline Lender, as the case may be.

16.6 Non-Reliance on Administrative Agent and Other Lenders . Each Lender and the Swingline Lender expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representation or warranty to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of any Borrower, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender and the Swingline Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or Swingline Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or the Swingline Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

16.7 Administrative Agent in Its Individual Capacity. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “**Lender**” or “**Lenders**” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrowers, or any of them, or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders or the Swingline Lender.

16.8 Resignation of Administrative Agent.

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders and the Swingline Lender and the Borrowers. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrowers, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the “**Resignation Effective Date**”), then the retiring Administrative Agent may (but shall not be obligated to), on behalf of the Lenders and the Swingline Lender, appoint a successor Administrative Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall nonetheless become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable law, by notice in writing to the Borrowers and such Person remove such Person as Administrative Agent and, in consultation with the Borrowers, appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Required Lenders) (the “**Removal Effective Date**”), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (i) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any Collateral held by the Administrative Agent on behalf of the Lenders or the Swingline Lender under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such Collateral until such time as a successor Administrative Agent is appointed) and (ii) except for any indemnity payments owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and Swingline Lender directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent (other than any rights to indemnity payments owed to the retiring or removed Administrative Agent), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this paragraph). The fees payable by any of the Borrowers to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrowers and such successor. After the retiring Administrative Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this Section shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

(d) Any resignation by Citizens, as Administrative Agent pursuant to this Section shall also constitute its resignation as Swingline Lender. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Swingline Lender and (ii) the retiring Swingline Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents.

16.9 Collateral and Guaranty Matters.

(a) The Lenders, the Swingline Lender, the Bank Product Provider, and the Hedge Provider irrevocably authorize and direct the Administrative Agent:

(i) to release any Lien on any Collateral granted to or held by the Administrative Agent under any Loan Document (A) upon termination of the Commitments and payment in full of all Obligations (other than contingent indemnification obligations), (B) that is transferred or to be transferred as part of or in connection with any sale or other disposition permitted under Section 8.3(b)(i) or Section 12.12, or (C) if approved, authorized or ratified in writing by the Required Lenders;

(ii) to subordinate any Lien on any Collateral granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such Collateral that is permitted by Section 12.2 (or all lenders, as applicable); and

(iii) to release any Guarantor from its obligations under the applicable Guaranty if such Person ceases to be a Guarantor as a result of a transaction permitted hereunder.

(b) In connection with a termination or release pursuant to this Section, the Administrative Agent shall promptly execute and deliver to the applicable Person, at the Borrowers' expense, all documents that the applicable Person shall reasonably request to evidence such termination or release. Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of Collateral, or to release any Guarantor from its obligations under the Guaranty pursuant to this Section.

16.10 Bank Products. Except as otherwise provided herein, no Bank Product Provider or Hedge Provider that obtains the benefits of Sections 7.1(b) and 14, any Guaranty or any Collateral by virtue of the provisions hereof or of any Guaranty or any Collateral Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. The Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Obligations arising under Bank Products or any Hedging Contract or Secured Hedge

Agreement unless the Administrative Agent has received written notice (including, without limitation, a Bank Product Provider Notice) of such Obligations, together with such supporting documentation as the Administrative Agent may request, from the applicable Bank Product Provider or Hedge Provider.

16.11 Notices and Information. Administrative Agent shall promptly send Lenders and the Swingline Lender copies of financial statements and information received by Administrative Agent from Borrowers pursuant to Section 11.4.

16.12 Security Agreement. In consideration of the Loans made by the Lenders and the Swingline Lender to Borrowers, the Borrowers have granted to Administrative Agent, for the benefit of all of the Lenders and the Swingline Lender, first priority security interests in all assets of the Borrowers, including without limitation accounts receivable, inventory, contracts, accounts, insurance policies, prepaid premiums, trademarks, trade names, computer software and programs, equipment, fixtures, machinery, furniture, furnishings and general intangibles (other than interests in the Franchise Agreements and license rights thereunder) of the Borrowers more particularly described in the Security Agreement, which security interests shall be security for all of the obligations of all of the Borrowers to the Lenders and the Swingline Lender now or hereafter existing, and the provisions of which are hereby incorporated herein by reference having the same force and effect as if set forth herein.

16.13 Mortgages. In consideration of the Loans made by Lenders and the Swingline Lender to Borrowers, the Borrowers have granted to Administrative Agent, for the benefit of all of the Lenders and the Swingline Lender listed in the attached Schedule A, a first priority mortgage lien on and security interest in the Fee Properties listed in the attached Schedule A, including, without limitation, all fixtures and machinery related thereto, all as more particularly described in such Mortgages. The Mortgages granted by the Borrowers shall be security for all of the Obligations of all of the Borrowers to Lenders and the Swingline Lender now or hereafter existing, and the provisions of which are hereby incorporated herein by reference having the same force and effect as if set forth herein.

16.14 Leasehold Mortgages. In consideration of the Loans made by Lenders and the Swingline Lender to Borrowers, the Borrowers have granted to Administrative Agent, for the benefit of all of the Lenders and the Swingline Lender, first priority leasehold mortgage liens on and security interest in the Leasehold Properties listed in the attached Schedule A, including, without limitation, all fixtures and machinery related thereto, all as more particularly described in the Leasehold Mortgages, which Leasehold Mortgages shall be security for all of the obligations of the Borrowers to the Lenders and the Swingline Lender now or hereafter existing, and the provisions of which are hereby incorporated herein by reference having the same force and effect as if set forth herein.

16.15 Administrative Agent may File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Borrower, Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether Administrative Agent shall have made any demand on any of the Borrowers) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of Lenders, Swingline Lender and Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of Lenders, Swingline Lender and Administrative Agent and their respective agents and counsel and all other amounts due Lenders, Swingline Lender and Administrative Agent) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and Swingline Lender to make such payments to Administrative Agent and, in the event that Agent shall consent to the making of such payments directly to Lenders, to pay to Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of Agent and its agents and counsel. Nothing contained herein shall be deemed to authorize Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or Swingline Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or Swingline Lender or to authorize Administrative Agent to vote in respect of the claim of any Lender or Swingline Lender in any such proceeding.

SECTION 17. Defaulting Lenders

(a) Defaulting Lender Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders and Section 19.3.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Section 8.2 or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 8.5 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment of any amounts owing by such Defaulting Lender to any Swingline Lender hereunder; *third*, to Cash Collateralize the Swingline Lender's Fronting Exposure in accordance with Section 18; *fourth*, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the Borrower, to be held in a non-interest bearing deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize the Swingline Lender's future Fronting Exposure with respect to such Defaulting Lender in accordance with Section 18; *sixth*, to the payment of any amounts owing to the Lenders or the Swingline Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender or Swingline Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (A) such payment is a payment of the principal amount of any Loans in respect of which such Defaulting Lender has not fully funded its appropriate share and (B) such Loans were made at a time when the conditions set forth in Section 9 were satisfied or waived, such payment shall be applied solely to pay the Loans of all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of such Defaulting Lender until such time as all Loans and funded and unfunded participations in Swingline Loans are held by the Lenders pro rata in accordance with the Commitments under the applicable facility without giving effect to Section 17(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 17(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Commitment Fees. No Defaulting Lender shall be entitled to receive any Commitment Fee for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(iv) Reallocation of Participations to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation Swingline Loans shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Applicable Percentages (calculated without regard to such Defaulting Lender's Development Line of Credit Committed Amount) but only to the extent that (x) the conditions set forth in Section 9 are satisfied at the time of such reallocation (and, unless the Borrower shall have otherwise notified the Administrative Agent at such time, the Borrower shall be deemed to have represented and warranted that such conditions are satisfied at such time) and (y) such reallocation does not cause the aggregate Committed Funded Exposure of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Development Line of Credit Committed Amount. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) Cash Collateral, Repayment of Swingline Loans. If the reallocation described in clause (iv) above cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to it hereunder or under law, prepay Swingline Loans in an amount equal to the Swingline Lender's Fronting Exposure.

(b) Defaulting Lender Cure. If the Borrower, the Administrative Agent and the Swingline Lender agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Swingline Loans to be held on a pro rata basis by the Lenders in accordance with their Applicable Percentages (without giving effect to Section 17(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(c) New Swingline Loans. So long as any Lender is a Defaulting Lender, the Swingline Lender shall not be required to fund any Swingline Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swingline Loan.

SECTION 18. Cash Collateral

18.1 Cash Collateral. At any time that there shall exist a Defaulting Lender, within one (1) Business Day following the written request of the Administrative Agent or any Swingline Lender (with a copy to the Administrative Agent), the Borrower shall Cash Collateralize all Fronting Exposure of the Swingline Lender with respect to such Defaulting Lender (determined after giving effect to Section 17(b) and any Cash Collateral provided by the Defaulting Lender).

18.2 Grant of Security Interest. The Borrowers, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grant to the Administrative Agent, for the benefit of the Administrative Agent and the Lenders (including the Swingline Lender), and agrees to maintain, a first priority security interest in all such Cash Collateral as security for the Defaulting Lenders' obligations to which such Cash Collateral may be applied pursuant to Section 18.3 below. If at any time the Administrative Agent or Swingline Lender determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent as herein provided, or that the total amount of such Cash Collateral is less than the applicable Fronting Exposure, the Borrower will, promptly upon demand by the Administrative Agent or Swingline Lender pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Lender).

18.3 Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under any of this Section 18 or Section 17 in respect of Swingline Loans, shall be held and applied to the satisfaction of the specific, Swingline Loans, obligations to fund participations therein (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) and other obligations for which the Cash Collateral was so provided, prior to any other application of such property as may be provided for herein.

18.4 Termination of Requirement. Cash Collateral (or the appropriate portion thereof) provided to reduce Fronting Exposure or other obligations shall no longer be required to be held as Cash Collateral pursuant to this Section 18 following (i) the elimination of the applicable Fronting Exposure or other obligations giving rise thereto (including by the termination of Defaulting Lender status of the applicable Lender), or (ii) the determination by the Administrative Agent and each Swingline Lender that there exists excess Cash Collateral; provided that, Subject to Section 17, the Person providing Cash Collateral and each Swingline Lender may agree that Cash Collateral shall be held to support future anticipated Fronting Exposure or other obligations.

SECTION 19. Miscellaneous

19.1 Survival of Warranties. All agreements, representations, and warranties made herein shall survive the execution and delivery of this Agreement, the making of the Loans hereunder.

19.2 Expenses. The Borrowers agree, on a joint and several basis, to pay on demand all reasonable costs and expenses of (i) the Administrative Agent in connection with the preparation and administration of this Agreement, the Notes and any other agreement or instrument required by this Agreement, and (ii) the Administrative Agent, Lenders and Swingline Lender in connection with the enforcement of this Agreement, the Notes and any other agreement or instrument required by this Agreement, and the realization on the Collateral, and any waiver or amendment of any provision hereof or thereof, any “workout” or restructuring under this Agreement including, without limitation, stamp or other documentary taxes and charges, intangible taxes and other state and local taxes and charges, filing and recording fees and costs and fees associated with search reports with respect to the Lenders’ lien priorities on the Collateral and the reasonable attorneys’ fees. The amount of such costs and expenses, until paid, shall be an obligation secured by the Collateral. The Borrowers, on a joint and several basis, agree to indemnify the Administrative Agent and the Lenders and the Swingline Lender from and hold them harmless against any such taxes, charges, fees and costs which the Administrative Agent or the Lenders or the Swingline Lender, in their sole discretion, undertake to pay on behalf of Borrowers, or any of them. If an Event of Default shall have occurred and is then continuing, the Borrowers further agree, on a joint and several basis, to pay on demand the costs of periodic field examinations and inspections of Borrowers’ books, records and Collateral, and appraisals of the Collateral, at such intervals as the Administrative Agent or the Lenders may reasonably require, provided that, unless an Event of Default has occurred, Borrowers shall not be required to pay for more than one of any such examination, inspection or appraisal in any calendar year. Such examinations, inspections and appraisals may be performed by employees of the Administrative Agent, the Lenders or the Swingline Lender or by independent examiners and appraisers. In the event of litigation or an arbitration proceeding between the parties hereto, the prevailing party is entitled to recover costs and reasonable attorneys’ fees incurred in connection therewith, as determined by the court or arbitrator. In the event that any case is commenced by or against any of the Borrowers under the Bankruptcy Code (Title 11, United States Code) or any similar or successor statute, the Administrative Agent and the Lenders and the Swingline Lender shall be entitled to recover costs and reasonable attorneys’ fees incurred by such Party in the preservation, protection, or enforcement of any rights of the Administrative Agent and the Lenders in such a case. The obligations of the Borrowers under this Section 19.2 shall survive payment of the Loans and assignment of any rights hereunder.

19.3 Amendments, Etc. No amendment, waiver or consent affecting the rights or duties of the Administrative Agent or the Swingline Lender under any Loan Document shall in any event be effective, unless in writing and signed by the Administrative Agent and/or the Swingline Lender, as applicable, in addition to the Lenders required hereinabove to take such action. No amendment or waiver of any provision of this Agreement or any other Loan Document (except as otherwise provided herein or in any of the Loan Documents), and no consent to any departure by the Borrowers or any of them (except as otherwise provided herein or in any of the Loan Documents), shall be effective unless in writing signed by the Required Lenders and the affected Borrowers, as the case may be, and acknowledged by Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

(a) waive any condition set forth in Section 9 without the written consent of each Lender;

(b) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Sections 4, 14, or 15) without the written consent of such Lender;

(c) postpone any date fixed by this Agreement or any other Loan Document for any payment (excluding mandatory prepayments) of principal, interest, fees or other amounts due to Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender;

(d) reduce the principal of, or the rate of interest specified herein on, any Loan, or any fees or other amounts payable hereunder or under any other Loan Document, or amend any financial covenant hereunder (or any defined term used therein) without the written consent of each Lender; provided, however, that only the consent of the Required Lenders shall be necessary to amend the definition of "Default Rate" or to waive any obligation of any of the Borrowers to pay interest at the Default Rate;

(e) change Section 8.2 or 8.3 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender; or

(f) change any provision of this Section or the definition of “Required Lenders” or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; or

(g) release any Borrower from its obligations under any of the Notes, or release any Guarantor from the Guaranty, or release or voluntarily subordinate the Liens on all or substantially all of the Collateral in any transaction or series of related transactions except in accordance with the terms of any Loan Document, without the written consent of each Lender;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; and (ii) and Section 19.3 may not be amended unless in a writing executed by all Lenders and the Administrative Agent. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, consent, waiver or any other modification to any Loan Document (and all amendments, consents, waivers, and other modifications may be effected without the consent of the Defaulting Lenders), except that the foregoing shall not permit, in each case without such Defaulting Lender’s consent, (i) an increase in such Defaulting Lender’s stated applicable Commitment, (ii) the waiver, forgiveness or reduction of the principal amount of any Indebtedness owing to such Defaulting Lender (unless all other Lenders affected thereby are treated similarly), (iii) the extension of the maturity date(s) of such Defaulting Lenders’ portion of any of the Indebtedness or the extension of any commitment to extend credit of such Defaulting Lender, or (iv) any other modification which requires the consent of all Lenders or the Lender(s) affected thereby which affects such Defaulting Lender more adversely than the other affected Lenders (other than a modification which results in a reduction of such Defaulting Lender’s Applicable Percentage or repayment of any amounts owing to such Defaulting Lender on a non-pro rata basis).

(h) No amendment, modification, supplement, waiver or consent shall (i) release all or a substantial portion of the Collateral from the Liens of the Collateral Documents, in each case without written consent of each Lender and each Hedge Provider; or (ii) change any definitions or any other provision in a manner that would alter the nature of the secured position of the Hedge Provider or its entitlement to a *pro rata* allocation of the assets securing the Lenders/Hedge Providers upon termination or acceleration of Obligations, without the written consent of each such Lender and Hedge Provider directly affected thereby.

19.4 Final Agreement; Amendments; Waivers. Except for the provisions of the Fee Letter which according to their terms expressly survive the termination or expiration thereof or execution of this Agreement and the Closing of the Loans, this Agreement, the Notes, the Hedging Contracts, the Secured Hedge Agreements, the Collateral Documents and all other Loan Documents (i) represent the sum of the understandings and agreements between the Administrative Agent, the Lenders, the Swingline Lender and the Borrowers concerning the extension of credit under the Loans, (ii) replace any prior oral or written agreements between the Administrative Agent, the Lenders and any such parties concerning the extension of credit under the Loans, and (iii) are intended by the Administrative Agent, the Lenders and the Borrowers as the final, complete and exclusive statement of the terms agreed to by them. Any conflict between any of the terms of the Fee Letter and this Agreement or any of the Loan Documents shall be governed by the terms of this Agreement and the Loan Documents. No waiver of compliance with any of the terms and conditions of this Agreement, the Collateral Documents, the Notes or the Loan Documents shall be effective unless in writing signed by the Administrative Agent. No failure or delay on the part of the Administrative Agent or the Lenders or the Swingline Lender in the exercise of any power, right, or privilege hereunder or under the Collateral Documents, or any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right, or privilege preclude other or further exercise thereof or of any other right, power, or privilege. All rights and remedies existing under this Agreement, the Notes, the Hedging Contracts, the Secured Hedge Agreements, the Collateral Documents or any other Loan Document are cumulative to, and not exclusive of, any rights or remedies otherwise available. The Administrative Agent, the Lenders and the Swingline Lender retain all rights hereunder notwithstanding any course of conduct to the contrary, including the making of any Loan after and during the continuance of a default or an Event of Default.

19.5 Severability. In case any provision in this Agreement shall be invalid, illegal or unenforceable, such provision shall be severable from the remainder of such contract and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

19.6 Applicable Law. This Agreement, the Notes, and the Collateral Documents and all documents provided for herein and therein and the rights and obligations of the parties thereto shall be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts without regard to its conflicts of law rules; provided, however, that any leasehold mortgage or mortgage provided for herein which covers a property located in Indiana shall be governed and construed in accordance with the laws of the State of Indiana without regard to its conflict of law rules; and provided further that any leasehold mortgage or mortgage provided for herein which covers a property located in Michigan shall be governed and construed in accordance with the laws of the State of Michigan without regard to its conflict of law rules; and provided further that any leasehold mortgage or mortgage provided for herein which covers a property located in Illinois shall be governed and construed in accordance with the laws of the State of Illinois without regard to its conflict of law rules, and provided further that any leasehold mortgage or mortgage provided herein which covers a property located in Florida shall be governed and construed in accordance with the laws of the State of Florida without regard to its conflict of law rules. Borrower agrees that any suit for the enforcement of this Agreement, any Note or the Collateral Documents may be brought in the courts of the Commonwealth of Massachusetts or any Federal Court sitting therein and consents to the non-exclusive jurisdiction of such court and to service of process in any such suit being made upon the Borrower by mail at the address specified herein for notices. Borrower hereby waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit was brought in an inconvenient court.

19.7 Successors and Assigns

(a) Successors and Assigns Generally. This Agreement may not be assigned by any of the Borrowers and shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns at law. Subject to the terms and conditions contained in this Section 19.7 hereof, the Lenders may sell, assign, transfer, or grant participations, in whole or in part, in any Loan without the prior written consent of any of the Borrowers, and the Borrowers agree that (i) any such purchaser, assignee, or transferee shall be entitled to all rights, remedies and benefits of a Lender and Swingline Lender (to the extent applicable) in, to, and under this Agreement, the Notes and Collateral Documents, and such purchaser, assignee, or transferee shall be and become the “Lender” hereunder for all purposes of this Agreement, the Notes, and the Collateral Documents, and (ii) any such purchaser, assignee, transferee, or participant shall be entitled to the benefits this Agreement to the same extent provided for herein.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(1) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment under any Commitment and the Loans at the time owing to it under such Commitment or in the case of an assignment to a Lender or an Affiliate of a Lender no minimum amount need be assigned; and

(2) in any case not described in subsection (b)(i)(1) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to Administrative Agent or, if “Trade Date” is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than \$1,000,000.00, in the case of any assignment in respect of any of the Loans unless each of the Administrative Agent and, so long as no Default or Event of Default has occurred and is continuing, Borrowers otherwise consent (each such consent not to be unreasonably withheld or delayed); provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met;

(3) in case of assignment of an assigning Lender’s Commitment under the Development Line of Credit Loan, the prior written consent of the Swingline Lender must first be obtained, which consent may be withheld in the Swingline Lender’s sole discretion.

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned, except that this clause (ii) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among separate Loans on a non-pro rata basis;

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(2) of this Section and, in addition:

(1) the consent of the Borrowers (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender or an Affiliate of a Lender; and

(2) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of (1) any Commitment if such assignment is to a Person that is not a Lender with a Commitment in respect of the applicable Loan Facility, or an Affiliate of such Lender or (2) any Loan to a Person that is not a Lender; or an Affiliate of a Lender.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of \$3,500.00; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to Agent an Administrative Questionnaire.

(v) No Assignment to Borrower. No such assignment shall be made to any of the Borrowers or any of their Affiliates or Subsidiaries.

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural person.

Subject to acceptance and recording thereof by Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 7.6, 7.8, and 18.2 with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) Register. Administrative Agent, acting solely for this purpose as an agent of Borrowers, shall maintain at Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive, and Borrowers, Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by Borrowers and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender or Swingline Lender may at any time, without the consent of, or notice to, any of the Borrowers or the Administrative Agent, sell participations to any Person (other than a natural Person or any of the Borrowers or any Affiliates or Subsidiaries of any Borrower) (each, a "**Participant**") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's or Swingline Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender and Swingline Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrowers, the Administrative Agent and Lenders and Swingline Lender shall continue to deal solely and directly with such Lender or Swingline Lender in connection with such Lender's or Swingline Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender and Swingline Lender shall be responsible for the indemnity under Section 8.4 with respect to any payments made by such Lender or Swingline Lender to its Participant(s).

Any agreement or instrument pursuant to which a Lender or Swingline Lender sells such a participation shall provide that such Lender or swingline Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender or Swingline Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in Section 18.3 that affects such Participant. The Borrowers each agree that each Participant shall be entitled to the benefits of Sections 7.4, 7.6 and 7.8 (subject to the requirements and limitations therein, including the requirements under Section 7.8(f) (it being understood that the documentation required under Section 7.8(f) shall be delivered to the participating Lender or Swingline Lender)) to the same extent as if it were a Lender or Swingline Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Section 7.10 as if it were

an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Section 7.4 or Section 7.8, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender or Swingline Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrowers to effectuate the provisions of Section 7.10 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 8.5 that such Participant agrees to be subject to Section 8.5 as though it were a Lender. Each Lender or Swingline Lender that sells a participation shall, acting solely for this purpose as an agent of each Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "**Participant Register**"); provided that no Lender or Swingline Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender or Swingline Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

19.8 Counterparts; Effectiveness; Electronic Execution.

(a) Counterparts; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Except as provided in Section 9, this Agreement shall become effective when it shall have been executed by the Borrowers, the Guarantors, the Lenders, the Swingline Lender and the Administrative Agent and the Administrative Agent shall have received copies hereof and thereof (telefaxed or otherwise), and thereafter this Agreement shall be binding upon and inure to the benefit of the Borrowers, the Guarantors, the Administrative Agent, each Lender, and the Swingline Lender, and their respective successors and permitted assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or email shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Electronic Execution of Assignments. The words “execution,” “signed,” “signature,” and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

19.9 Section Headings. The various headings used in this Agreement are inserted for convenience only and shall not affect the meaning or interpretations of this Agreement or any provision hereof.

19.10 Waivers. Borrowers waive presentment, demand, notice, protest, notice of acceptance of this Agreement, notice of any loan made, credit or other extensions granted, collateral received or delivered or any other action taken in reliance hereon, all demands and notices in connection with the delivery, acceptance, performance, default, or enforcement of any Note or other evidence of Indebtedness secured by the Collateral and all other demands and notice of any description, except for any notices to be provided to Borrowers pursuant to the terms of this Agreement and/or the other Loan Documents. With respect to both the obligations and the Collateral, Borrowers assent to any extension or postponement of the time of payment or any other forgiveness or indulgence, to any substitution, exchange or release of Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as the Required Lenders may deem advisable. The Administrative Agent, the Lenders and the Swingline Lender may exercise their rights with respect to the Collateral without resorting, or regard, to other collateral or sources of reimbursement for obligations.

19.11 Authorization to Conduct Due Diligence with Third Parties. Borrowers hereby authorize the Administrative Agent, the Lenders, the Swingline Lender and any of their representatives, agents or assigns, to contact each Franchisor, the Borrowers’ respective accountants, insurance agents, attorneys and other representatives and agents of each Franchisor and the Borrowers for the purpose of discussing the Borrowers’ affairs and financial condition and to obtain such information from, and conduct such other due diligence with, such third parties from time to time as the Lender or the Swingline Lender deem necessary or desirable. Borrowers hereby authorize and direct all such third parties to provide such information to the Administrative Agent, the Lenders, and the Swingline Lender, their representatives, agents and assigns, and to cooperate fully in all respects in connection with any requests for information regarding the Borrowers.

19.12 Agency. Borrowers acknowledge and agree that all of the rights and remedies which may be exercised by the Administrative Agent, the Lenders and the Swingline Lender under this Agreement, the Notes, the Hedging Contracts, the Secured Hedge Agreements and all Collateral Documents, and all demands and notices which may be given by the Administrative Agent, the Lenders and the Swingline Lender under this Agreement, may be exercised and/or given (as the case may be) by an agent appointed by such Parties for such purposes and identified to the Borrowers in writing by such Parties from time to time.

19.13 Notice. All notices and other communications shall have been duly given and shall be effective (i) when delivered, (ii) when transmitted via telecopy (or other facsimile device) to the number set forth below, (iii) on the day following the day on which the same has been delivered prepaid to a reputable national overnight air courier service, (iv) if hand-delivered, by courier or otherwise (including telegram, lettergram or mailgram), when delivered, or (v) on the third business day following the day on which the same is sent by certified or registered mail, postage prepaid, in each case to the respective parties at the address set forth below, or at such other address as such party may specify by written notice to the other party hereto. No notice of change of address shall be effective except upon actual receipt. This Section shall not be construed in any way to affect or impair any waiver of notice or demand provided in any Loan Document or to require giving of notice or demand to or upon any person in any situation or for any reason.

to the Borrowers: Diversified Restaurant Holdings, Inc.
27680 Franklin Road
Southfield, MI 48034
Attn: President

With a copy to: Michael T. Raymond, Esq.
Dickinson Wright PLLC
2600 W. Beaver Road, Suite 300
Troy, MI 48084
Telephone: (248) 433-7273
Telecopy: (248) 433-7274

to the Administrative Citizens Bank, National Association
Agent: 28 State Street
14th Floor, MS1420
Boston, Massachusetts 02109
Attn: Christopher Wickles, Senior Vice
President
Telephone: (617) 994-7029
Telecopy: (617) 725-5693

With a copy to:

Christopher J. Currier, Esq.
Partridge Snow & Hahn LLP
1700 West Park Drive, Suite 200
Westborough, Massachusetts 01581
Telephone: (508) 599-3000
Telecopy: (508) 599-3010

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in said subsection (b).

(a) Electronic Communications . Notices and other communications to the Lenders or the Swingline Lender hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender or Swingline Lender, if such Lender or Swingline Lender, as applicable, has notified the Administrative Agent that it is incapable of receiving notices by electronic communication. The Administrative Agent or the Borrowers may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(b) Change of Address, Etc. . Any party hereto may change its address or telecopier number for notices and other communications hereunder by notice to the other parties hereto.

(c) Platform.

(i) Each Borrower agrees that the Administrative Agent may make the Communications (as defined below) available to the Lenders and the Swingline Lender by posting the Communications on Intralinks or a substantially similar electronic transmission system (the “ **Platform** ”).

(ii) The Platform is provided “as is” and “as available.” The Agent Parties (as defined below) do not warrant the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or the Platform. In no event shall the Administrative Agent or any of its Related Parties (collectively, the “ **Agent Parties** ”) have any liability to the Borrowers or any of them, any Lender or any other Person or entity for damages of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any Borrower’s or the Administrative Agent’s transmission of communications through the Platform. “ **Communications** ” means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any of the Borrowers pursuant to any Loan Document or the transactions contemplated therein which is distributed to the Administrative Agent, or any Lender.

19.14 Indemnity.

(a) Indemnification by the Borrowers. The Borrowers shall, on a joint and several basis, indemnify the Administrative Agent (and any sub-agent thereof), the Swingline Lender, each Lender and each Related Party of any of the foregoing Persons (each such Person being called an “ **Indemnitee** ”) against, and hold each Indemnitee harmless from, any and all losses, claims, penalties, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any third party or by any of the Borrowers arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions, (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by any Borrower or any of its Subsidiaries, or any liability under Environmental Law related in any way to any Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any Borrower, and regardless of whether any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. This Section (b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from non-Tax claim.

(b) Reimbursement by Lenders . To the extent that the Borrowers for any reason fail to indefeasibly pay any amount required under paragraph (a) or (b) of this Section to be paid by them to the Administrative Agent (or any sub-agent thereof), or any Related Party of any of the foregoing, each Lender and Swingline Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), or such Related Party, as the case may be, such Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent), or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent), in connection with such capacity.

(c) Waiver of Consequential Damages, Etc. . To the fullest extent permitted by applicable law, none of the Borrowers shall assert, and each of the Borrowers hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions, any Loan or the use of the proceeds thereof. No Indemnitee referred to in paragraph (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated herein.

(d) Payments. All amounts due under this Section shall be payable promptly/not later than five (5) days after demand therefor.

(e) Survival. The agreements contained in this Section shall survive the resignation of the Administrative Agent, the replacement of any Lender or Swingline Lender, the termination of the Commitments and the repayment, satisfaction or discharge of the Obligations of the Borrowers.

19.15 Jury Waiver. THE PARTIES HERETO IRREVOCABLY AND VOLUNTARILY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM. EACH OF THE BORROWERS, THE LENDER, AND THE SWINGLINE LENDER HEREBY IRREVOCABLY AND VOLUNTARILY WAIVES ANY RIGHT TO TRIAL BY JURY AND AGREES THAT NEITHER, INCLUDING ANY ASSIGNEE OR SUCCESSOR, SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM, OR ANY OTHER LITIGATION PROCEDURE BASED UPON, OR ARISING OUT OF, THIS AGREEMENT, ANY NOTE, ANY COLLATERAL DOCUMENTS AND OTHER RELATED AGREEMENTS, ANY COLLATERAL OR THE DEALINGS OR THE RELATIONSHIP BETWEEN OR AMONG THE PARTIES, OR ANY OF THEM. NEITHER THE BORROWERS, NOR ANY OF THEM, NOR ANY LENDER WILL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS SECTION HAVE BEEN FULLY DISCUSSED BY THE PARTIES AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NEITHER THE UNDERSIGNED NOR ANY LENDER NOR SWINGLINE LENDER HAS IN ANY WAY AGREED WITH OR REPRESENTED TO THE OTHER THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THIS AGREEMENT.

19.16 Lien and Setoff. Borrowers, and each of them, hereby grant to the Administrative Agent, the Lenders and the Swingline Lender a continuing lien, security interest, and right of setoff as security for all of its liabilities and Obligations to the Lenders and the Swingline Lender, whether now existing or hereafter arising, upon and against all the deposits, credits, collateral and property of each of the Borrowers (other than clients' trust and other fiduciary accounts or escrows) now or hereafter in the possession, custody, or control of, or in transit to, the Lenders. Upon a Default or an Event of Default or upon receipt by any of the Lenders or the Swingline Lender of any legal process, including summons to trustee, relating to any deposits, credits, collateral or property of the Borrowers, or any of them, in the possession, custody or control of, or in transit to, any of the Lenders or the Swingline Lender, without further demand or notice (any such notice being expressly waived by Borrowers), the Lenders and the Swingline Lender may each set off the same or any part thereof and pay over such sums to the Administrative Agent to be applied to any liability or obligation of Borrowers, or any of them, even though unmatured and regardless of the adequacy of any other collateral securing the Loan evidenced hereby. TO THE EXTENT PERMITTED BY LAW, ANY AND ALL RIGHTS TO REQUIRE LENDERS OR THE SWINGLINE LENDER TO EXERCISE THEIR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE LIABILITIES PRIOR TO EXERCISING THEIR RIGHT OF SET OFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF ANY OF THE BORROWERS, ARE HEREBY VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY WAIVED.

19.17 Consent to Jurisdiction; Service of Process and Venue.

(a) Consent to Jurisdiction. Each of the Borrowers irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the courts of the Commonwealth of Massachusetts and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such Massachusetts sitting State court or, to the fullest extent permitted by applicable law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Administrative Agent, any Lender or Swingline Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any of the Borrowers or its properties in the courts of any jurisdiction.

(b) Service of Process. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 19.13. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by applicable law.

(c) Venue. Each of the Borrowers irrevocably and unconditionally waive, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in subsection (a) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

19.18 Confidentiality. Each of the Administrative Agent, the Lenders and the Swingline Lender agree to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and other representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder, under any other Loan Document, Bank Product, Hedging Contract or Secured Hedge Agreement or any action or proceeding relating to this Agreement, any other Loan Document, Bank Product, Hedging Contract or Secured Hedge Agreement or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (g) (i) any actual or prospective party (or its partners, directors, officers, employees, managers, administrators, trustees, agents, advisors or other representatives) to any swap or derivative or similar transaction under which payments are to be made by reference to any of the Borrowers and its obligations, this Agreement or payments hereunder, (ii) an investor or prospective investor in securities issued by an Approved Fund that also agrees that Information shall be used solely for the purpose of evaluating an investment in such securities issued by the Approved Fund, (iii) a trustee, collateral manager, servicer, backup servicer, noteholder or secured party in connection with the administration, servicing and reporting on the assets serving as collateral for securities issued by an Approved Fund, or (iv) a nationally recognized rating agency that requires access to information regarding the Borrowers, the Loans and Loan Documents in connection with ratings issued in respect of securities issued by an Approved Fund (in each case, it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential), (h) with the consent of the Borrowers or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, any Lender, the Swingline Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrowers.

For purposes of this Section, “ **Information** ” shall mean all information received from any Borrower or any of its Subsidiaries relating to any Borrower or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender, or the Swingline Lender on a nonconfidential basis prior to disclosure by any Borrower or any of its Subsidiaries; provided that, in the case of information received from any Borrower or any of its Subsidiaries after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

19.19 No Advisory or Fiduciary Responsibility . In connection with all aspects of each of the Loan Facilities, each of the Borrowers acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a) the Loan Facilities provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document) are an arm's-length commercial transaction between the Borrowers and their Affiliates, on the one hand, and Citizens (in its capacity as the Administrative Agent and the Sole Lead Arranger), on the other hand, and the Borrowers are capable of evaluating and understanding and understand and accept the terms, risks and conditions of the Loan Facilities and the other Loan Documents (including any amendment, waiver or other modification hereof or thereof); (b) in connection with the process leading to such transaction, Citizens (in its capacity as the Administrative Agent and the Sole Lead Arranger) is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary, for any of the Borrowers or any of their Affiliates, stockholders, creditors or employees or any other Person; (c) Citizens, as either the Administrative Agent or the Sole Lead Arranger, has not assumed or will assume an advisory, agency or fiduciary responsibility in favor of the Borrowers with respect to any of the Loan Facilities or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Loan Document (irrespective of whether Citizens (in its capacity as the Administrative Agent and the Sole Lead Arranger) has advised or is currently advising any of the Borrowers or any of its Affiliates on other matters) and Citizens, as either the Administrative Agent or the Sole Lead Arranger, does not have any obligation to any of the Borrowers or any of their Affiliates with respect to the Loan Facilities except those obligations expressly set forth herein and in the other Loan Documents; (d) Citizens and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrowers and their Affiliates, and Citizens has no obligation to disclose any of such interest by virtue of any advisory, agency or fiduciary relationship; and (e) Citizens has not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the Loans (including any amendment, waiver or other modification hereof or of any other Loan Document) and the Borrowers have consulted their own legal, accounting, regulatory and tax advisors to the extent each has deemed appropriate. Each of the Borrowers hereby waives and releases, to the fullest extent permitted by law, any claims that it may have against Citizens with respect to any breach or alleged breach of agency or fiduciary duty.

19.20 Advertising, Promoting and Marketing. The Administrative Agent and each Lender may, and Borrowers authorize the Administrative Agent and each Lender to, include reference to the Borrowers, its subsidiaries and any other Loan Party, and utilize any logo or other distinctive symbol associated with the Borrowers, their Subsidiaries or any other Loan Party, in connection with any advertising, promoting or marketing undertaken by the Administrative Agent or such Lender.

19.21 Excluded Swap Obligations. Notwithstanding anything to the contrary in this Agreement, the Obligations of the Borrowers under this Agreement shall exclude all Excluded Swap Obligations. For purposes of this provision, an “Excluded Swap Obligation” means, with respect to any Borrower, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act (7 U.S.C. Section 1 et seq.) (the “Commodity Exchange Act”), as amended from time to time, and any successor statute (each a “Swap Obligation”) if, and to the extent that, all or a portion of the Obligations of any such Borrower of, or the grant by any such Borrower of a security interest to secure, such Swap Obligation (or any guarantee thereof) is or becomes illegal under the Community Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of any such Borrower’s failure for any reason not to constitute an “eligible contract participant” as defined in the Commodity Exchange Act at the time the Obligations of any such Borrower becomes effective with respect to such related Swap Obligation.

[SIGNATURE PAGE FOLLOWS]

Executed by each of the parties below as a document under seal as of the date first written above:

AMC Adrian, Inc.
AMC Bagley, Inc.
AMC Bagley Real Estate, Inc.
AMC Birch Run, Inc.
AMC Calumet City, Inc.
AMC Canton Real Estate, Inc.
AMC Chesterfield, Inc.
AMC Chicago, Inc.
AMC Clearwater, Inc.
AMC Crown Point, Inc.
AMC Detroit, Inc.
AMC Flint, Inc.
AMC Ft. Myers, Inc.
AMC Grand Blanc, Inc.
AMC Hammond Inc.
AMC Hammond Real Estate, Inc.
AMC Hobart, Inc.
AMC Homewood, Inc.
AMC Lakeland, Inc.
AMC Lansing, Inc.
AMC Lapeer, Inc.
AMC Largo, Inc.
AMC Marquette, Inc.
AMC North Port, Inc.
AMC Oldsmar, Inc.
AMC Petoskey, Inc.
AMC Pinellas Park, Inc.
AMC Port Huron, Inc.
AMC Riverview, Inc.
AMC Royal Oak, Inc.
AMC Sarasota, Inc.
AMC Sault Ste. Marie, Inc.
AMC Schererville, Inc.
AMC Traverse City, Inc.
AMC Trinity, Inc.
AMC Troy, Inc.
AMC Valparaiso, Inc.
AMC Warren, LLC
AMC Wesley Chapel, Inc.
AMC Wesley Chapel Real Estate, Inc.
AMC Ybor, Inc.

Anker, Inc.
Ann Arbor Burgers, Inc.
Ansley Group, L.L.C.
Avon Burgers, Inc.
Bearcat Enterprises, Inc.
Berkley Burgers, Inc.
Birch Run Burgers, Inc.
Bloomfield Burgers, Inc.
Brighton Burgers, Inc.
Buckeye Group, LLC
Buckeye Group II, LLC,
Canton Burgers, Inc.
Cascade Burgers, Inc.
Cascade Burgers Real Estate, Inc.
Chesterfield Township Burgers, Inc.
Crown Point Burgers Inc.
Detroit Burgers, Inc.
DMM Group, LLC
East Lansing Burgers, Inc.
Fishers Burgers, Inc.
Fort Wayne North Burgers, Inc.
Flyer Enterprises, Inc.
Grand Blanc Burgers, Inc.
Grand Rapids Burgers, Inc.
Grandville Burgers, Inc.
Greenwood Burgers, Inc.
Holland Burgers, Inc.
Indy/Michigan Road Inc.
MCA Enterprises Brandon, Inc.
Schererville Burgers, Inc.
Shelby Township Burgers, Inc.
Terre Haute Burgers, Inc.
TMA Enterprises of Ferndale, LLC
TMA Enterprises of NOVI, Inc.
Traverse City Burgers, Inc.
Troy Burgers, Inc.
Westfield Burgers, Inc.
Woodhaven Burgers, Inc.

By: /s/ David G. Burke
David G. Burke, Treasurer
of each of the above listed entities

~ Signature page to Amended and Restated Credit Agreement ~

CITIZENS BANK, NATIONAL ASSOCIATION
As Administrative Agent, Lender and Swingline Lender

By: /s/ Christopher J. Wickles
Christopher J. Wickles,
Senior Vice President

~ Signature page to Amended and Restated Credit Agreement ~

FLAGSTAR BANK, FSB ,
As Lender

By: /s/ Frank Maniaci
Name: Frank Maniaci
Title: Senior Vice President

~ Signature page to Amended and Restated Credit Agreement ~

THE HUNTINGTON NATIONAL BANK,
As Lender

By: /s/ Kevin Contat

Name: Kevin Contat

Title: Vice President

APPENDIX I
DEFINITIONS

Definitions and Accounting Terms. Unless otherwise specified in this Agreement, all accounting terms used in this Agreement shall be interpreted, all financial information required under this Agreement shall be prepared and all financial computations required under this Agreement shall be made in accordance with generally accepted accounting principles consistently applied, or on an income tax basis in accordance with standards established by the American Institute of Certified Public Accountants consistently applied. All capitalized terms used in this Agreement, the Notes or in any certificate, report or other document made or delivered in connection with this Agreement, unless otherwise defined therein, shall have the following meanings:

“Account” As defined in Section 8.1 of this Agreement.

“ACH” As defined in Section 8.1 of this Agreement.

“Adjusted LIBOR Rate” Relative to any loan to be made, continued or maintained as, or converted into, a LIBOR Rate Loan for any LIBOR Interest Period, a rate per annum determined by dividing (x) the LIBOR Rate for such LIBOR Interest Period by (y) a percentage equal to one hundred percent (100%) minus the LIBOR Reserve Percentage.

“Administrative Agent” Citizens Bank, National Association in its capacity as Administrative Agent under any of the Loan Documents, or any successor Administrative Agent.

“Administrative Agent’s Office” Administrative Agent’s address or such other address or account as Administrative Agent may from time to time notify Borrowers and Lenders.

“Administrative Questionnaire” Shall mean an Administrative Questionnaire in a form supplied by the Administrative Agent.

“Advance” A Line Advance or a Revolver Advance, as applicable.

“Affiliate” As applied to any Person, a spouse or relative of such Person, any member, director, partner or officer of such Person, any corporation, partnership, association, firm or other entity of which such Person is a member, director, partner or officer, and any other Person directly or indirectly controlling, controlled or under direct or indirect common control with such Person, including, without limitation, any subsidiary.

“Agent Party” As defined in Section 19.13(d)(ii).

“Aggregate Commitments” The Commitments of all Lenders.

“ Agreement ” This Amended and Restated Credit Agreement, as amended or supplemented from time to time.

“ Alternate Base Rate ” Shall mean, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) the sum of (i) LIBOR (as determined pursuant to the definition of LIBOR), for an Interest Period of one (1) month commencing on such day plus (ii) 1.00%, in each instance as of such date of determination. For purposes hereof: “Prime Rate” shall mean, at any time, the rate of interest per annum publicly announced or otherwise identified from time to time by Administrative Agent at its principal office in Boston, Massachusetts as its prime rate. Each change in the Prime Rate shall be effective as of the opening of business on the day such change in the Prime Rate occurs. The parties hereto acknowledge that the rate announced publicly by Administrative Agent as its Prime Rate is an index or base rate and shall not necessarily be its lowest or best rate charged to its customers or other banks; and “Federal Funds Effective Rate” shall mean, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published on the next succeeding Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive in the absence of manifest error) (A) that it is unable to ascertain the Federal Funds Effective Rate, for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms above or (B) that the Prime Rate or LIBOR no longer accurately reflect an accurate determination of the prevailing Prime Rate or LIBOR, the Administrative Agent may select a reasonably comparable index or source to use as the basis for the Alternate Base Rate, until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in any of the foregoing will become effective on the effective date of such change in the Federal Funds Rate, the Prime Rate or LIBOR for an Interest Period of one (1) month. Notwithstanding anything contained herein to the contrary, to the extent that the provisions of Section 7.4 shall be in effect in determining LIBOR pursuant to clause (c) hereof, the Alternate Base Rate shall be the greater of (i) the Prime Rate in effect on such day and (ii) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%.

“ Alternate Base Rate Loans ” Shall mean any loan or advance made pursuant to this Agreement the rate of interest applicable to which is based on the Alternate Base Rate.

“ **Applicable Margin** ” The Applicable Margin for all Loans shall mean, for any day, the rate per annum set forth below opposite the applicable level then in effect (based on the Lease Adjusted Leverage Ratio), it being understood that the Applicable Margin for (a) Alternate Base Rate Loans shall be the percentage set forth under the column “Alternate Base Rate Margin”, (b) LIBOR Rate Loans and LIBOR Advantage Loans shall be the percentage set forth under the column “LIBOR Margin”, and (c) the Commitment Fee shall be the percentage set forth under the column “Commitment Fee”.

Applicable Margin				
Level	Lease Adjusted Leverage Ratio	LIBOR Margin	Alternate Base Rate Margin	Commitment Fee
I	Greater than or equal to 5.00 to 1.00	3.15%	2.15%	0.25%
II	Greater than or equal to 4.50 to 1.00 but less than 5.00 to 1.00	2.85%	1.85%	0.25%
III	Greater than or equal to 4.00 to 1.00 but less than 4.50 to 1.00	2.50%	1.50%	0.25%
IV	Less than 4.00 to 1.00	2.25%	1.25%	0.25%

The Applicable Margin shall for all Loans, in each case, be determined and adjusted quarterly on the date five (5) Business Days after the date on which the Administrative Agent has received from the applicable Borrowers the quarterly financial information (in the case of the first three fiscal quarters of the Borrowers’ fiscal years), the annual financial information (in the case of the fourth fiscal quarter of the applicable Borrowers’ fiscal years) and the certifications required to be delivered to the Administrative Agent and the Lenders in accordance with the provisions of Sections 11.4(a)-(i) (each an “ **Interest Determination Date** ”). Such Applicable Margin shall be effective from such Interest Determination Date until the next such Interest Determination Date. After the Closing Date, if the applicable Borrowers shall fail to provide the financial information or certifications in accordance with any of the provisions of Sections 11.4(a)-(i) the Applicable Margin shall, on the date ten (10) Business Days after the date by which such Borrowers were so required to provide such financial information or certifications to the Administrative Agent and the Lenders, be based on Level I until such time as such information or certifications or corrected information or corrected certificates are provided, whereupon the Level shall be determined by the then current Lease Adjusted Leverage Ratio. Notwithstanding the foregoing, the initial Applicable Margins shall be set with pricing as set forth in Level III until the financial information and certificates required to be delivered pursuant to Section 11.4 for the first full fiscal quarter to occur following the Closing Date have been delivered to the Administrative Agent, for distribution to the Lenders. In the event that any financial statement or certification delivered pursuant to Section 11.4 is shown to be inaccurate at any time prior to the termination of this Agreement, and such inaccuracy, if corrected, would have led to the application of a higher Applicable Margin for any period (an “ **Applicable Period** ”) than the Applicable Margin applied for such Applicable Period, the Borrowers shall immediately (a) deliver to the Administrative Agent a corrected compliance certificate for such Applicable Period, (b) determine the Applicable Margin for such Applicable Period based upon the corrected compliance certificate, and (c) immediately pay to the Administrative Agent for the benefit of the Lenders the accrued additional interest and other fees owing as a result of such increased Applicable Margin for such Applicable Period, which payment shall be promptly distributed by the Administrative Agent to the Lenders entitled thereto; provided, that non-payment as a result of such inaccuracy shall not, in any event, be deemed retroactively to be an Event of Default pursuant to Section 14.1, and such amount payable shall be calculated without giving effect to any additional interest payable on overdue amounts under Section 7.3 if paid promptly on demand. It is acknowledged and agreed that nothing contained herein shall limit the rights of the Administrative Agent and the Lenders under the Loan Documents, including their rights under Sections 7.3 and 14.1, except as provided in the proviso to the previous sentence.

“ Applicable Maturity Date ” Shall mean, as applicable, the Term Loan Maturity Date, the Development Line Termination Date and the Revolving Line Termination Date.

“ Applicable Percentage ” Shall mean, with respect to any Lender, at any time, the percentage (carried out to the ninth decimal place) of the Aggregate Commitments represented by such Lender’s Commitment at such time. If the Commitment of each Lender to make Loans have been terminated pursuant to Sections 4, 5 or 14 or if the Aggregate Commitments have expired, then the Applicable Percentage of each Lender shall be determined based on the Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments. The initial Applicable Percentage of each Lender is set forth opposite the name of the Lender on **Schedule 2.1** or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

“ Applicable Period ” As defined in the definition of “Applicable Margin” in this Appendix I.

“ Approved Fund ” Shall mean any Fund that is administered, managed or underwritten by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“ Asset Disposition ” Shall mean the disposition of any or all of the assets (including, without limitation, the Equity Interests of a Subsidiary or any ownership interest in a joint venture) of any Loan Party or any Subsidiary whether by sale, lease, transfer or otherwise, in a single transaction or in a series of transactions.

“ Assignee Group ” A Lender and its Approved Fund.

“ Assignment and Assumption ” Shall mean an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 18.7(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit 18.7 or any other form approved by the Administrative Agent.

“ Audited Financial Statements ” Shall mean the meaning as defined in Section 11.4(a) hereof.

“ Authorized Representatives ” Shall have the meaning given to such term in Section 1(d) of this Agreement.

“ Bank Product ” Shall mean any of the following products, services or facilities extended to any Borrower or any Subsidiary by any Bank Product Provider: (a) Cash Management Services; and (b) commercial credit card, purchase card and merchant card services; provided, however, that for any of the foregoing to be included as “Borrower Obligations” for purposes of a distribution under Section 8.2, the applicable Bank Product Provider must have previously provided a Bank Product Provider Notice to the Administrative Agent which shall provide the following information: (i) the existence of such Bank Product and (ii) the maximum dollar amount (if reasonably capable of being determined) of obligations arising thereunder (the “Bank Product Amount”). The Bank Product Amount may be changed from time to time upon written notice to the Administrative Agent by the Bank Product Provider. Any Bank Product established from and after the time that the Lenders have received written notice from the Borrowers or the Administrative Agent that an Event of Default exists, until such Event of Default has been waived in accordance with Section 18.3, shall not be included as “Borrower Obligations” for purposes of a distribution under Section 8.2. For avoidance of doubt no Bank Product Provider notice needs to be given to the Administrative Agent in connection with any Hedging Contract or Secured Hedge Agreement.

“ Bank Product Amount ” Shall have the meaning set forth in the definition of Bank Product.

“ Bank Product Debt ” Shall mean the Indebtedness and other obligations of any Borrower or Subsidiary relating to Bank Products.

“ Bank Product Provider ” Shall mean any Person that provides Bank Products to a Borrower or any Subsidiary to the extent that (a) such Person is a Lender, an Affiliate of a Lender or any other Person that was a Lender (or an Affiliate of a Lender) at the time it entered into the Bank Product but has ceased to be a Lender (or whose Affiliate has ceased to be a Lender) under the Agreement or (b) such Person is a Lender or an Affiliate of a Lender on the Closing Date and the Bank Product was entered into on or prior to the Closing Date (even if such Person ceases to be a Lender or such Person’s Affiliate ceased to be a Lender).

“ Bank Product Provider Notice ” Shall mean a notice substantially in the form of Exhibit 16.10.

“ Bankruptcy Code ” Shall mean the Bankruptcy Code in Title 11 of the United States Code, as amended, modified, succeeded or replaced from time to time.

“ Bankruptcy Event ” Shall mean any of the events described in Section 14.8.

“ Borrowing Date ” Shall mean, in respect of any Loan, the date such Loan is made.

“ Borrowers ” shall mean the parties listed in the attached Schedule C, and any other entity which becomes a borrower hereunder by virtue of the execution of Joinder Agreement or otherwise.

“ Borrowing ” Means an extension of credit under any of the Loans as the context may require.

“ Bagger Dave’s ” Bagger Dave’s Franchising Corporation.

“ Bagger Dave’s Documents ” All franchise documents issued by Bagger Dave’s to any of the Borrowers.

“ Bagger Dave’s Legendary Burger Tavern Restaurant ” Any Restaurant operated as a Bagger Dave’s Legendary Burger Tavern Restaurant.

“ BD Development Advance ” As defined in Section 4.2 hereof.

“ Buffalo Wild Wings ” Buffalo Wild Wings International, Inc., an Ohio corporation, and its subsidiaries.

“ Buffalo Wild Wings Documents ” All franchise documents issued by Buffalo Wild Wings to any of the Borrowers.

“Buffalo Wild Wings Restaurant” Any Restaurant operated as a Buffalo Wild Wings restaurant.

“Business Day”

(a) With respect to any LIBOR Advantage Loan, Prime Rate Loan or Alternate Base Rate Loan, any day which is neither a Saturday, Sunday nor a legal holiday on which commercial banks are authorized or required to be closed in Boston.

(b) With respect to any LIBOR Rate Loan:

(i) Any day which is neither a Saturday nor Sunday nor a legal holiday on which commercial banks are authorized or required to be closed in Boston, Massachusetts;

(ii) When such term is used to describe a day on which a borrowing, payment, prepayment or repayment is to be made in respect of a LIBOR Rate Loan, any day which is (i) neither a Saturday nor Sunday nor a legal holiday on which commercial banks are authorized or required to be closed in New York City; and (ii) a London Banking Day; and

(iii) When such term is used to describe a day on which an interest rate determination is to be made in respect of a LIBOR Rate Loan, any day which is a London Banking Day.

“BWW Development Advance” As defined in Section 4.2 hereof.

“Capital Lease” Shall mean any lease of property, real or personal, the obligations with respect to which are required to be capitalized on a balance sheet of the lessee in accordance with GAAP.

“Cash Collateralize” Shall mean to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Administrative Agent or Swingline Lender (as applicable) and the Lenders, as collateral for obligations in respect of Swingline Loans or obligations of Lenders to fund participations in respect of either thereof (as the context may require), cash or deposit account balances or, if the Swingline Lender benefiting from such collateral shall agree in its sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to (a) the Administrative Agent and (b) the Swingline Lender. “**Cash Collateral**” shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

“Cash Management Services” Shall mean any services provided from time to time to any Borrower or Subsidiary in connection with operating, collections, payroll, trust, or other depository or disbursement accounts, including automatic clearinghouse, controlled disbursement, depository, electronic funds transfer, information reporting, stop payment, overdraft and/or wire transfer services and all other treasury and cash management services.

“ Change in Control ” Shall mean (a) in the case of Diversified Restaurant Holdings, Inc., that T. Michael Ansley, ceases to maintain the power, directly or indirectly, to control the voting power of 50% or more of the outstanding Equity Interests of Diversified Restaurant Holdings, Inc.; (b) in the case of any Guarantors (other than Diversified Restaurant Holdings, Inc.) or any Borrower, that such entity ceases to be a wholly-owned Subsidiary, directly or indirectly, of Diversified Restaurant Holdings, Inc.; or (c) T. Michael Ansley shall cease to hold office as or perform the day-to-day duties of the President of Diversified Restaurant Holdings, Inc., unless, prior to such event, Diversified Restaurant Holdings, Inc. shall have retained a replacement officer in place of such individual who is acceptable to the Required Lenders.

“ Change in Law ” Shall mean the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided, that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“ Citizens ” Shall mean Citizens Bank, National Association, a national banking association, together with its successors and/or assigns.

“ Closing Date ” December 16, 2014.

“ Collateral ” Any property (real or personal) on which a Lien exists in favor of the Administrative Agent for the benefit of Lenders and the Swingline Lender securing the obligations of the Borrowers and Guarantors hereunder and under the Notes or other Loan Documents.

“ Collateral Documents ” All Uniform Commercial Code financing statements, Mortgage Documents, the Security Agreement, IP Security Agreements, the Stock Pledge Agreement, and any other documents executed and delivered by any of the Borrowers or any Guarantors, as the same may be from time to time modified, supplemented, renewed, continued or amended.

“ Commitment ” As to each Lender, its obligations to make Loans to the Borrowers pursuant to Section 2.1 in the aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender’s name on Schedule 2.1 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, or such amount as may be adjusted from time to time in accordance with this Agreement.

“ Committed Borrowing ” Means a Borrowing consisting of simultaneous Committed Loans having the same Interest Period made by each of the Lenders pursuant to Section 2.1.

“ Commitment Fee ” Means the Development Line Commitment Fee and the Revolving Line Commitment Fee.

“ Committed Loan ” Has the meaning specified in Section 2.1, and shall include the Loans.

“ Communications ” As defined in Section 19.13(d)(ii).

“ Conversion Obligations ” Shall mean the First Conversion Obligations and the Second Conversion Obligations.

“ Debt Issuance ” Shall mean the issuance of any Indebtedness by any of the Loan Parties or any of their Subsidiaries (excluding any Equity Issuance or any Indebtedness of any Loan Parties permitted to be incurred pursuant to Section 12.1 hereof).

“ Debtor Relief Laws ” Shall mean the Bankruptcy Code and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“ Debt Service Coverage Ratio ” For the period in question, on a consolidated basis for the Loan Parties, the calculation described as a ratio of (a) the sum of EBITDA, plus Pre-opening Expense, less cash taxes, less maintenance capital expenditures (\$10,000.00 per store), less Distributions, plus or minus (as the case may be) the net change of the amount of stockholder/member/intercompany notes due to or due from the Loan Parties to (b) the sum of Interest Expense, scheduled principal payments on long term debt and the current portion of Capital Lease obligations of the Loan Parties. For purposes of calculating the net increase or decrease in the amount of stockholder/member/intercompany notes, the aggregate amount of such intercompany obligations of the Loan Parties for the period being measured shall be compared with the aggregate amount of intercompany obligations of the Loan Parties on the basis of the last four (4) fiscal quarters of the Borrowers immediately preceding the period being measured. Any net increase due to the Loan Parties or net decrease due from the Loan Parties shall be added to the numerator in the above ratio; and any net increase due from the Loan Parties or net decrease due to the Loan Parties shall be subtracted from the numerator in the above ratio.

“ Default ” An Event of Default or event or condition that, but for the requirement that time elapse or notice be given, or both, would constitute an Event of Default.

“ Defaulting Lender ” Shall mean, subject to Section 17(b) any Lender that, (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrowers in writing that such failure is the result of such Lender’s good faith determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable Default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, any Swingline Lender, or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Swingline Loans) within two Business Days of the date when due, (b) has notified the Borrowers, the Administrative Agent or any Swingline Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund a Loan hereunder and states that such position is based on such Lender’s determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Administrative Agent or the Borrowers, to confirm in writing to the Administrative Agent and the Borrowers that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrowers), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 17(b)) upon delivery of written notice of such determination to the Borrowers, each Swingline Lender and each Lender.

“ Default Rate ” Shall mean (a) an interest rate equal to (i) for Alternate Base Rate Loans (A) the Alternate Base Rate plus (B) the Applicable Margin at Level I applicable to Alternate Base Rate Loans plus (C) 2.00% per annum and (ii) for LIBOR Rate Loans, (A) the LIBOR Rate plus (B) the Applicable Margin at Level I applicable to LIBOR Rate Loans plus (C) 2.00% per annum and (iii) for LIBOR Advantage Loans (A) the LIBOR Advantage Rate plus (B) the Applicable Margin at Level I applicable to LIBOR Advantage Loans plus (C) 2.00% per annum, and (b) when used with respect to any other fee or amount due hereunder, a rate equal to (A) the Alternate Base Rate plus (B) the Applicable Margin at Level I applicable to Alternate Base Rate Loans plus 2.00% per annum.

“ Development Line Commitment Fee ” As defined in Section 4.5 hereof.

“ Development Line Committed Amount ” As defined in Section 4.1.

“ Development Line of Credit Loan ” As defined in Section 4.1 of this Agreement.

“ Development Line of Credit Notes ” As defined in Section 4.1 of this Agreement.

“ Development Line Termination Date ” As defined in Section 4.1 of this Agreement.

“ Disposition or “Dispose.” Means the sale, transfer, license, lease or other disposition (including any sale and leaseback transaction) of any property by any Person, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

“ Distributions ” For the period in question, the aggregate of all amounts paid or payable (without duplication) by any Loan Party as dividends, distributions or owner withdrawals and/or compensation, and includes any purchase, redemption or other retirement of any ownership interests directly or indirectly through a Subsidiary or otherwise and includes return of capital to members, shareholders or partners.

“ Documentation Agent ” Shall mean Wells Fargo Bank, N.A., in its capacity as Documentation Agent under any of the Loan Documents, or any successor Documentation Agent.

“ Dollars and “\$” ” Shall mean dollars in lawful currency of the United States of America.

“ Domestic Lending Office ” Shall mean, initially, the offices of each Lender designated as such Lender’s Domestic Lending Office in such Lender’s Administrative Questionnaire; and thereafter, such other office of such Lender as such Lender may from time to time specify to the Administrative Agent and the Borrowers as the office of such Lender at which the Alternate Base Rate Loans of such Lender are to be made.

“ Domestic Subsidiary ” Shall mean any Subsidiary that is organized and existing under the laws of the United States or any state or commonwealth thereof or under the laws of the District of Columbia.

“ EBITDA ” Means, for any period, for Loan Parties on a consolidated basis, an amount equal to Net Income for such period plus (a) the following to the extent deducted in calculating such Net Income: (i) Interest Expense for such period, (ii) the provision for federal, state, local and foreign income taxes (and franchise tax in the nature of income tax) payable by Loan Parties for such period, (iii) depreciation and amortization expense, (iv) other non-cash items of Loan Parties reducing Net Income which do not represent a cash item in such period or any future period, and (v) nonrecurring and extraordinary losses minus (b) the following to the extent included in calculating such Net Income for such period: (i) Federal, state, local and foreign income tax credits of Loan Parties for such period, (ii) all non-cash items increasing Net Income for such period, (iii) cash capital gains, and (iv) nonrecurring and extraordinary gains.

“ Eligible Assignee ” Shall mean (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund and (d) any other Person (other than a natural person) approved by (i) the Administrative Agent, and (ii) unless an Event of Default has occurred and is continuing and so long as the primary syndication of the Loans has been completed as determined by Citizens, the Borrowers (each such approval not to be unreasonably withheld or delayed); provided that notwithstanding the foregoing, “Eligible Assignee” shall not include (A) any Restricted Party or any of the Restricted Party’s Affiliates or Subsidiaries, or (B) any Person holding Subordinated Debt of the Borrowers or any of such Person’s Affiliates or (C) any Defaulting Lender (or any of their Affiliates).

“ Environmental Laws ” Shall mean any and all applicable foreign, federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements of any Governmental Authority or other Requirement of Law (including common law) regulating, relating to or imposing liability or standards of conduct concerning protection of human health or the environment, as now or may at any time be in effect during the term of this Agreement.

“Environmental Reports” As defined in Section 10.15 of this Agreement.

“Equity Interests” Shall mean (a) in the case of a corporation, capital stock, (b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (c) in the case of a partnership, partnership interests (whether general, preferred or limited), (d) in the case of a limited liability company, membership interests and (e) any other interest or participation that confers or could confer on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, without limitation, options, warrants and any other “equity security” as defined in Rule 3a11-1 of the Exchange Act.

“Equity Issuance” Shall mean any issuance by any Loan Party or any Subsidiary to any Loan Party which is not a Loan Party of (a) shares or interests of its Equity Interests, (b) its Equity Interests pursuant to the exercise of options or warrants or similar rights, (c) any shares or interests of its Equity Interests pursuant to the conversion of any debt securities to equity or (d) warrants or options or similar rights that are exercisable or convertible into shares or interests of its Equity Interests.

“Event of Default” Shall mean any of the events specified in Section 14; provided, however, that any requirement for the giving of notice or the lapse of time, or both, or any other condition, has been satisfied.

“Excluded Taxes” Shall mean any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise (and similar) Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes; (b) U.S. federal withholding or backup withholding Taxes imposed on amounts payable to or for the account of a Lender with respect to an applicable interest in a Loan or commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or commitment (other than pursuant to an assignment request by the Borrower under Section 7.10(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 7.8, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office; (c) Taxes attributable to such Recipient’s failure to comply with Section 7.8(f); (d) any U.S. federal withholding Taxes imposed under FATCA; and (e) penalties and interest in respect of the foregoing Taxes.

“FATCA” Shall mean Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof.

“Federal Funds Effective Rate” Shall have the meaning set forth in the definition of “Alternate Base Rate”.

“Fee Letter” Means the “Fee Letter” dated October 17, 2014 between Citizens and the Borrowers.

“Fee Mortgages” Means, collectively, the Mortgages, Security Agreements and Financing Statements at any time recorded against a Fee Premises.

“Fee Premises” Means, collectively, the premises on which the Administrative Agent is granted a Fee Mortgage by a Borrower or an Affiliate to secure the obligations of the Borrowers under the Agreement and the other Loan Documents, including without limitation, the premises listed in the attached Schedule B and identified as a “Fee Premises”. The Fee Premises listed on the attached Schedule B and noted with an (*) will be discharged and replaced with appropriate Leasehold Mortgages in form and substance satisfactory to the Administrative Agent upon the acquisition of such Fee Premises by Spirit in accordance with the terms of the Spirit P&S.

“First Conversion Amount” As defined in Section 4.7 of this Agreement.

“First Conversion Date” As defined in Section 4.7 of this Agreement.

“First Conversion Obligation” As defined in Section 4.7(a) of this Agreement.

“Foreign Lender” Shall mean (a) if the Borrower is a U.S. Person, a Lender or a Swingline Lender that is not a U.S. Person, and (b) if the Borrower is not a U.S. Person, any Lender or Swingline Lender that is resident or organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes.

“Foreign Subsidiary” Shall mean any Subsidiary that is not a Domestic Subsidiary.

“Franchise Agreement” Any franchise agreement in effect between any Borrower and either Buffalo Wild Wings or Bagger Dave’s.

“Franchise Documents” All documents entered into by either Buffalo Wild Wings or Bagger Dave’s and any Borrower or the owner/operator of the Restaurants in connection with any lease, license, or franchise given by either Buffalo Wild Wings or Bagger Dave’s for the operation of the Restaurants, as the same may be amended or otherwise modified from time to time and including all renewals and extensions thereof.

“Franchisor” Any franchisor under any of the Franchise Agreements.

“Fronting Exposure” Shall mean, at any time there is a Defaulting Lender, with respect to any Swingline Lender, such Defaulting Lender’s Applicable Percentage of outstanding Swingline Loans made by such Swingline Lender other than Swingline Loans as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof.

“Funded Debt” The sum of all current and long-term obligations (including all current and long-term obligations with respect to Capital Leases) of any Person as of any date as of such date.

“Funding Date” With respect to the Term Loan, the Closing Date.

“GAAP” Shall mean generally accepted accounting principles in effect in the United States of America (or, in the case of Foreign Subsidiaries with significant operations outside the United States of America, generally accepted accounting principles in effect from time to time in their respective jurisdictions of organization or formation) applied on a consistent basis.

“Governmental Authority” Shall mean the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Ground Leases” Means any facility leased by a Borrower or an Affiliate which includes the lease of the land on which the facility is located.

“Guaranties/Guaranty” The unlimited guaranties executed by the Guarantors. Each such guaranty shall be referred to as a “Guaranty” and all together as the “Guaranties”.

“ Guarantors ” Together, Diversified Restaurant Holdings, Inc., AMC Group, Inc., AMC Wings, Inc., AMC Burgers, Inc., Bagger Dave’s Franchising Corporation, and AMC Real Estate, Inc.

“ Hedge Provider ” Shall mean any Lender or an Affiliate of a Lender that enters into any Hedging Contract or Secured Hedge Agreement with a Loan Party.

“ Hedging Contracts ” Shall mean any and all rate swap transactions, foreign exchange transactions, credit derivative transactions and commodity transactions, including, but not limited to, basis swaps, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price of forward bond index transaction, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing) whether or not any such transaction is governed by or subject to any master agreement.

“ Hedging Obligations ” With respect to Borrowers, all liabilities of the Borrowers to any of the Lenders or any Affiliate of any Lender under any Hedging Contracts or Secured Hedge Agreements.

“ Indemnified Taxes ” Shall mean (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Borrower under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

“ Indemnitee ” As defined in Section 19.14 of this Agreement.

“ Incurrence Test ” The requirement contained in Section 9.1(vii) of this Agreement.

“ Indebtedness ” As applied to each Loan Party, (i) all obligations for borrowed money (excluding subordinated shareholder notes) or other extensions of credit, whether or not secured, including all obligations representing the deferred purchase price of property, other than accrued expenses and accounts payable on open account arising in connection with the purchase of inventory on terms customary in the trade, whether or not secured, (ii) all obligations evidenced by bonds, the Notes, debentures or other similar instruments, (iii) all reimbursement obligations (contingent or otherwise) under any letter of credit, (iv) all obligations secured by any mortgage, pledge, security interest or other lien on property owned or acquired whether or not the obligations secured thereby shall have been assumed, (v) the capitalized amount, as determined by accountants, of all obligations as lessee under Capital Leases, (vi) all guarantees and other contingent liabilities, and (vii) all obligations which are immediately due and payable out of the proceeds of or production from property now or hereafter owned or acquired.

“Information” As defined in Section 19.18 of this Agreement.

“Initial Notice of Borrowing” As defined in Section 3.3 of this Agreement.

“Interest Determination Date” As defined in the definition of “Applicable Margin” in this Appendix I.

“Interest Expense” means, for the period in question, on a consolidated basis for the Loan Parties, the gross interest expense, including without limitation the current amortized portion of all fees, charges, and commissions (including fees payable in respect to any Hedging Contracts) payable in connection with the incurrence of Indebtedness to the extent included in gross interest expense and (b) the portion of any payments made in connection with Capital Leases allocable to interest expense, all determined on a consolidated basis in accordance with GAAP applied on a consistent basis.

“Interest Payment Date” Shall mean (a) as to any Alternate Base Rate Loan, the second Business Day of each calendar month, (e) as to any LIBOR Rate Loan the second Business Day of each calendar month (provided however that with respect to any LIBOR Rate Loan under the Development Line of Credit Loan having an Interest Period of one week, the Interest Payment Date shall be the second Business day of each calendar month), (c) as to any LIBOR Advantage Rate Loan, the second Business day of each calendar month, and (d) as to any Loan which is the subject of a mandatory prepayment required pursuant to Section 8.3, the first Business Day following the date on which such mandatory prepayment is due.

“Interest Period” Shall mean, with respect to any LIBOR Rate Loan,

(I) for the period from the Closing Date to January 2, 2015: (a) the period commencing on the Borrowing Date or conversion date, as the case may be, with respect to such LIBOR Rate Loan and ending one month thereafter (or one week thereafter in the case of a LIBOR Rate Loan under the Development Line of Credit Loan for which the Borrowers have selected an Interest Period of one week pursuant to the provisions of Section 4.3 hereof); and (b) commencing on January 3, 2015, (i) the period commencing January 3, 2015 and ending on the second Business Day of the next calendar month, with respect to such LIBOR Rate Loan, and (ii) thereafter commencing on the third Business Day of each calendar month and ending on the second Business Day of each calendar month thereafter (or one week thereafter in the case of a LIBOR Rate Loan under the Development Line of Credit Loan for which the Borrowers have selected an Interest Period of one week pursuant to the provisions of Section 4.3 hereof);

provided however, that with respect to (I) and (II) above the foregoing provisions are subject to the following:

(i) if any Interest Period pertaining to a LIBOR Rate Loan would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) any Interest Period pertaining to a LIBOR Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the relevant calendar month;

(iii) no Interest Period in respect of any Loan shall extend beyond the Applicable Maturity Date and, further with regard to any Loan, no Interest Period shall extend beyond any principal amortization payment date with respect to such Loan unless the portion of such Loan consisting of Alternate Base Rate Loans together with the portion of such Loan consisting of LIBOR Rate Loans with Interest Periods expiring prior to or concurrently with the date such principal amortization payment date is due, is at least equal to the amount of such principal amortization payment due on such date; and

(iv) no more than six (6) LIBOR Rate Loans (or such greater number as may be approved by the Administrative Agent) may be in effect at any time. For purposes hereof, LIBOR Rate Loans with different Interest Periods shall be considered as separate LIBOR Rate Loans, even if they shall begin on the same date and have the same duration, although borrowings, extensions and conversions may, in accordance with the provisions hereof, be combined at the end of existing Interest Periods to constitute a new LIBOR Rate Loan with a single Interest Period.

“ IP Security Agreements.” The security agreements covering copyrights and trademarks granted to the Administrative Agent for the benefit of the Lenders and Swingline Lender as confirmed and amended (including the copyrights and trademarks of AMC Burger, Inc., Bagger Dave’s Franchising Corporation, Berkley Burgers, Inc., Troy Burgers, Inc., and Ann Arbor Burgers, Inc.).

“Joinder Agreement” As defined in Section 9.1 of this Agreement, a form of which is attached hereto as Exhibit 9.1(v).

“LA Interest Period” With respect to any LIBOR Advantage Loan, (a) for the period from the Closing Date to January 2, 2015, the period commencing on (and including) the Borrowing Day and ending on (but excluding) the date which numerically corresponds to such date one month later, and thereafter, each one month period ending on the day of such month that numerically corresponds to the Borrowing Day, and (b) commencing January 3, 2015, the period commencing January 3, 2015 and ending on the second Business Day of the next calendar month, and thereafter commencing on the third Business Day of each calendar month and ending on the second Business Day of each calendar month thereafter. If an LA Interest Period is to end in a month for which there is no day which numerically corresponds to the Borrowing Day, the LA Interest Period will end on the last day of such month. Notwithstanding the date of commencement of any LA Interest Period, interest shall only begin to accrue as of the date the initial LIBOR Advantage Loan is made hereunder.

“Lease Adjusted Leverage Ratio” For the period in question, on a consolidated basis for the Loan Parties, the ratio of (a) the sum of (i) Funded Debt, adjusted for New Unit Development and (ii) Third Party Rent for the last four (4) fiscal quarters of the Borrowers ending on such date multiplied by eight (8), divided by (b) the sum of (i) EBITDA, plus (ii) Pre-opening Expense, plus (iii) Third Party Rent for the last four (4) fiscal quarters of the Borrowers ending on such date.

“Leasehold Mortgages” Means, collectively, the Leasehold Mortgages at any time recorded against a Leasehold Premises.

“Leasehold Premises” Means, collectively, the premises on which the Administrative Agent is granted a Leasehold Mortgage by a Borrower of an Affiliate to secure the obligations of the Borrowers under the Agreement and the other Loan Documents, including without limitation those listed in the attached Schedule B and identified as a “Leasehold Premises”. The Leasehold Premises listed on the attached Schedule B and noted with an (*) will be granted to the Administrative Agent upon the acquisition of such Fee Premises by Spirit in accordance with the terms of the Spirit P&S.

“Lender.” As defined in the introductory paragraph of this Agreement, as the same may be replaced pursuant to the terms of Section 7.10(b) or 18.7(b) hereof.

“LIBOR Advantage Loan” Any Loan or advance for which the applicable rate of interest is based upon the LIBOR Advantage Rate.

“ LIBOR Advantage Rate ” Relative to any LA Interest Period, the offered rate for delivery in two London Banking Days of deposits of U.S. Dollars for a term coextensive with the designated LA Interest Period which the ICE Benchmark Administration or any successor administrator of LIBOR rates fixes as its LIBOR rate as of 11:00 a.m. London time on the day on which such LA Interest Period commences. If the first day of any LA Interest Period is not a day which is both a (i) Business Day, and (ii) a London Banking Day, the LIBOR Advantage Rate shall be determined by reference to the next preceding day which is both a Business Day and a London Banking Day. Interest accruing by reference to the LIBOR Advantage Rate shall be calculated for the actual number of days elapsed on the basis of a 360-day year, including the first date of the applicable period to, but not including, the date of repayment. If for any reason the LIBOR Advantage Rate is unavailable and/or the Lender is unable to determine the LIBOR Advantage Rate for any LA Interest Period, the Lender may, at its discretion, either: (a) select a replacement index based on the arithmetic mean of the quotations, if any, of the interbank offered rate by first class banks in London or New York for deposits with comparable maturities or (b) accrue interest at a rate per annum equal to the Lender’s Prime Rate as of the first day of any Interest Period for which the LIBOR Advantage Rate is unavailable or cannot be determined.

“ LIBOR Lending Office ” Shall mean, initially, the office(s) of each Lender designated as such Lender’s LIBOR Lending Office in such Lender’s Administrative Questionnaire; and thereafter, such other office of such Lender as such Lender may from time to time specify to the Administrative Agent and the Borrowers as the office of such Lender at which the LIBOR Rate Loans of such Lender are to be made.

“ LIBOR Rate ” Shall mean, “LIBOR Rate” means, as applicable, (A) relative to any Interest Period for LIBOR Rate Loans denominated in Dollars, the offered rate for deposits of U.S. Dollars for a term coextensive with the designated Interest Period which the ICE Benchmark Administration (or any successor administrator of LIBOR rates) fixed as its LIBOR rate as of 11:00 A.M. London time on the day which is two (2) London Banking Days prior to the beginning of such Interest Period; or (B) relative to any Interest Period for LIBOR Rate Loans denominated in Euro, the Eurocurrency Lending Rate. If such day is not a London Business Day, the LIBOR Rate shall be determined on the next preceding day which is a London Business Day. If for any reason the Administrative Agent cannot determine such offered rate by the ICE Benchmark Administration (or any successor administrator of LIBOR rates), the Administrative Agent may, in its discretion, select a replacement index based on the arithmetic mean of the quotations, if any, of the interbank offered rate by first class banks in London or New York for deposits in comparable amounts and maturities.

“LIBOR Rate Loan” Any loan or advance made pursuant to this Agreement (other than a LIBOR Advantage Loan) the rate of interest applicable to which is based upon the LIBOR Rate.

“LIBOR Reserve Percentage” Relative to any day of any LIBOR Interest Period, the maximum aggregate (without duplication) of the rates (expressed as a decimal fraction) of reserve requirements (including all basic, emergency, supplemental, marginal and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements) under any regulations of the Board of Governors of the Federal Reserve System (the “Board”) or other governmental authority having jurisdiction with respect thereto as issued from time to time and then applicable to assets or liabilities consisting of “Eurocurrency Liabilities”, as currently defined in Regulation D of the Board, having a term approximately equal or comparable to such Interest Period.

“LIBOR Tranche” Shall mean the collective reference to LIBOR Rate Loans whose Interest Periods begin and end on the same day.

“Lien” Any mortgage, pledge, security interest, lien or other charge or encumbrance on any of the property or assets of any of the Loan Parties, now owned or hereafter acquired.

“Line Advances” As defined in Section 4.1 of this Agreement.

“Loans” Collectively, the Term Loan, the Development Line of Credit Loan (including the Conversion Obligations), the Swingline Loans and the Revolving Line of Credit Loan (each, individually, a “**Loan**”).

“Loan Documents” Collectively, this Agreement, the Notes, the Security Agreement, the IP Security Agreements, the Stock Pledge Agreement, the Mortgage Documents, any Hedging Contracts and each and all documents executed and/or delivered to the Lender as of this date and hereafter in connection with the Loans, all as may be modified, amended, restated and/or substituted.

“Loan Parties” Shall mean collectively the Borrower, the Guarantors and any Affiliate of the Borrowers or any Guarantor and “Loan Party” means any one of them.

“London Banking Day” A day on which dealings in US dollar deposits are transacted in the London interbank market.

“Mandatory Swingline Borrowing” As defined in Section 5.2(b) of this Agreement.

“ Material Adverse Effect ” Shall mean a material adverse effect on (a) the business, operations, property, assets or condition (financial or otherwise) of any of the Loan Parties or their Subsidiaries taken as a whole, (b) the ability of any Loan Parties to perform its obligations, when such obligations are required to be performed, under this Agreement, any of the Notes or any other Loan Document or (c) the validity or enforceability of this Agreement, any of the Notes or any of the other Loan Documents, the Liens (for the benefit of the Lenders) on the Collateral or the priority of such Liens or the rights or remedies of the Administrative Agent or the Lenders hereunder or thereunder.

“ Mortgage Documents ” Those certain Fee Mortgages and Leasehold Mortgages now covering certain Fee Premises and the Leasehold Premises, and all other documents executed in connection with the foregoing, given by a Borrower to the Administrative Agent for the benefit of the Lenders and the Swingline Lender, and any Fee Mortgages and Leasehold Mortgages that may be given in the future, during the term of the Agreement, by a Borrower or Affiliate to the Administrative Agent for the benefit of the Lenders and the Swingline Lender, and all other documents executed in connection with the foregoing, as any and/or all may be amended, restated and/or substituted.

“ Net Cash Proceeds ” Shall mean the aggregate cash proceeds received by any of the Borrowers or any Subsidiary in respect of any Asset Disposition, Equity Issuance, Debt Issuance or Recovery Event, net of (a) reasonable and customary direct costs (including, without limitation, legal, accounting and investment banking fees, and sales commissions) associated therewith and paid to Persons who are not Restricted Parties or their Affiliates unless otherwise permitted by this Agreement, (b) amounts held in escrow to be applied as part of the purchase price of any Asset Disposition and (c) taxes paid or reasonably estimated to be payable as a result thereof; it being understood that “Net Cash Proceeds” shall include, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received by any of the Borrowers or any Subsidiary in any Asset Disposition, Equity Issuance, Debt Issuance or Recovery Event and any cash released from escrow as part of the purchase price in connection with any Asset Disposition.

“ Net Income ” Means, for any period, for the Loan Parties on a consolidated basis, the net income of the Loan Parties for that period.

“ New Affiliate ” Any Affiliate of any of the Loan Parties formed/established hereafter which becomes the owner or operator of Buffalo Wild Wings Restaurant or a Bagger Dave’s Legendary Burger Tavern Restaurant and as defined in Section 9.1(vi) of this Agreement.

“ New Unit ” Means a Restaurant location that has been in operation by a Loan Party for less than twelve (12) months from the date hereof.

“ New Unit Development ” With respect to a New Unit, an amount equal to the product of (a) 1.00 minus a fraction, the numerator of which is the number of months such New Unit has been in operation and the denominator of which is 12, times (b) the amount of the Funded Debt for such new unit.

“ Non-Consenting Lender ” Shall mean any Lender that refuses to consent to any amendment, waiver, consent or other modification of any Loan Document requested by any of the Borrowers that requires the consent of 100% of the Lenders or 100% of all affected Lenders and which, in any case, has been consented to by the Required Lenders.

“ Non-Defaulting Lender ” Shall mean, at any time, each Lender that is not a Defaulting Lender at such time.

“ Notes ” The Term Notes, the Development Line of Credit Notes, the Revolving Line of Credit Notes and the Swingline Notes (each, individually, a “ Note ”).

“ Notice of Borrowing ” Has the meaning given in Sections 4.1, 5.2, and 6.1 of this Agreement.

“ Notice of Conversion/Interest Period Change ” As defined in Section 7.1(b) of this Agreement.

“ Obligation(s) ” All loans, advances, indebtedness, notes, liabilities and other extensions of credit and amounts, liquidated or unliquidated, owing by Borrowers, or any of them, to the Lender at any time, each of every kind, nature and description, whether arising under this Agreement or otherwise, direct or indirect (that is, whether the same are due directly or indirectly to the Lender as endorser or guarantor, or as obligor of obligations due to third persons which have been endorsed or assigned to the Lender, or otherwise), primary or secondary, absolute or contingent, due or to become due, now existing or hereafter arising or acquired, including, but not limited to all obligations of Borrowers, or any of them, under the Notes and under any guaranty executed by the Borrowers, or any of them, in favor of the Lender for obligations of another. Obligation(s) shall also include any swap transaction or other interest rate protection transaction, including Hedging Obligations involving a Lender or any Affiliate of any Lender and the Borrowers, or any of them, whether under the Hedging Contracts any Secure Hedge Agreements or otherwise, and all obligations of the Borrowers, or any of them, under any credit card line of credit or facility made available to the Borrowers and their employees and agents by any Lender or any Affiliate of any Lender and all interest and other charges due from the Borrowers, or any of them, to the Lender or any Affiliate of any Lender and all costs and expenses referred to in this Agreement.

“ Operating Costs ” Means cash expenses incurred for the applicable period in connection with the ownership, rental, use and operation of a Fee Property.

“ Original Loan Facilities ” The loan facilities originally dated as of April 15, 2013, as amended August 15, 2013, March 20, 2014, and October 31, 2014, by and among certain of the Borrowers and the Lenders which provided for the extension of credit to such Borrowers under a \$46,000,000.00 term loan, a \$15,000,000.00 development line of credit, a \$20,000,000 development line of credit, a \$2,000,000.00 revolving line of credit loan, and a \$1,000,000.00 Swingline loan.

“ Other Connection Taxes ” Shall mean, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“ Other Taxes ” Shall mean all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 7.10).

“ Outstanding Amount ” Means with respect to Committed Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Committed Loans, as the case may be, occurring on such date.

“ Participant Register ” Has the meaning specified in Section 19.7(d).

“ Payment Event of Default ” Shall mean an Event of Default specified in Section 14.1.

“ Person ” A corporation, an association, a partnership, business, an individual, a joint venture, an organization, a government or political subdivision agency.

“ Pre-opening Expense ” Means that portion of the operating expense for a New Unit attributable to the period prior to the opening of such New Unit.

“Premises” Each property constituting the Fee Premises and the Leasehold Premises.

“Prime Rate” As defined in the definition of Alternate Base Rate.

“Prime Rate Loan” Any loan made pursuant to this Agreement for the period(s) when the rate of interest applicable to such loan is calculated by reference to the Prime Rate.

“Real Estate Advance” As defined in Section 4.2 hereof.

“Recipient” Shall mean (a) the Administrative Agent or (b) any Lender, as applicable.

“Recovery Event” Shall mean the receipt by any of the Loan Parties or their Subsidiaries of any cash insurance proceeds or condemnation award payable by reason of theft, loss, physical destruction or damage, taking or similar event with respect to any of their respective property or assets.

“Register” Shall have the meaning given to such term in Section 18.7(c) of this Agreement.

“Related Parties” Shall mean, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees and advisors of such Person and of such Person’s Affiliates.

“Removal Effective Date” As defined in Section 16.8(b) of this Agreement.

“Required Lenders” Means, as of any date of determination, Lenders having more than 66 and 2/3% of the Aggregate Commitments or, if the commitment of each Lender to make Loans have been terminated pursuant to Sections 4, 5 or 14, Lenders holding in the aggregate more than 66 and 2/3% of the Outstanding Amount; provided that the Commitment of, and the portion of the Outstanding Amount held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders; provided, further, that in the event that (a) there are only two (2) Lenders, then both Lenders shall be required to constitute Required Lenders; and (b) there are three (3) Lenders, then at least two (2) Lenders together holding more than 66 and 2/3% of the Aggregate Commitments shall be required to constitute Required Lenders; provided, further, that if any Lender shall be a Defaulting Lender at such time, then the outstanding loans and unfunded commitments under the Loans of such Defaulting Lender shall be excluded from the determination of Required Lenders.

“Requirement of Law” Shall mean, as to any Person, (a) the articles or certificate of incorporation, by-laws or other organizational or governing documents of such Person, and (b) all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes, executive orders, and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority (in each case whether or not having the force of law); in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Resignation Effective Date” As defined in Section 16.8(a) of this Agreement.

“Restaurant” Any Buffalo Wild Wings or Bagger Dave’s Restaurant operated by any of the Borrowers or their Affiliates.

“Revolver Advances” As defined in Section 6.1 of this Agreement.

“Revolving Line Commitment Fee” As defined in Section 6.5 of this Agreement.

“Revolving Line of Credit Loan” As defined in Section 6 of this Agreement.

“Revolving Line of Credit Notes” As defined in Section 6.1 of this Agreement.

“Revolving Line Termination Date” As defined in Section 6.1 of this Agreement.

“Second Conversion Amount” As defined in Section 4.7 of this Agreement.

“Second Conversion Date” As defined in Section 4.7 of this Agreement.

“Second Conversion Obligation” As defined in Section 4.7(b) of this Agreement.

“Secured Hedge Agreement” Shall mean any Hedging Contract with the Lender or an affiliate of the Lender that (a) is in effect on the Closing Date with a counterparty that is a Lender or an affiliate of a Lender as of the Closing Date or (b) is entered into on or after the Closing Date with a counterparty that is a Lender or an affiliate of a Lender at the time such Hedging Contract is entered into.

“ Security Agreements ” Those certain Security Agreements dated the date hereof pursuant to which each of the Borrowers have granted to the Administrative Agent for the benefit of the Lenders and the Swingline Lender a continuing security interest in all of its personal property and fixtures to secure the Borrowers’ obligations to the Lenders and the Swingline Lender.

“ Sole Bookrunner ” Shall mean Citizens, in its capacity as Sole Bookrunner under any of the Loan Documents, or any successor Sole Bookrunner.

“ Sole Lead Arranger ” Citizens, in its capacity as the sole lead arranger for the Loans in connection with its efforts on a best efforts basis to arrange a syndicate of financial institutions to provide all of the commitments needed to fund all of the Loans.

“ Space Lease ” Any facility leased by a Borrower or an Affiliate which does not include a lease of the land on which the facility is located.

“ Spirit ” Means Spirit Master Funding IX, LLC.

“ Spirit P&S ” The Purchase and Sale Agreement dated October 6, 2014 between certain of the Borrowers and Spirt.

“ Stock Pledge Agreement ” Means the pledge agreement of AMC Burgers, Inc. granted to the Administrative Agent for the benefit of the Lenders and the Swingline Lender in its stock of Bagger Dave’s Franchising Corporation, Berkley Burgers, Inc., Ann Arbor Burgers, Inc., Troy Burgers, Inc., Brighton Burgers, Inc., East Lansing Burgers, Inc., Cascade Burgers, Inc., Chesterfield Township Burgers, Inc., Grandville Burgers, Inc., Holland Burgers, Inc., Bloomfield Burgers, Inc., Shelby Township Burgers, Inc., Detroit Burgers, Inc., Grand Rapids Burgers, Inc., Indy/Michigan Road, Inc., Avon Burgers, Inc and Westfield Burgers, Inc.

“ Subordinated Debt ” Shall mean any other any Indebtedness incurred by any of the Borrowers or any Affiliate which by its terms is specifically subordinated in right of payment to the prior payment of the Obligations of each of the Borrowers to the Lenders and contains subordination and other terms acceptable to the Administrative Agent.

“ Subsidiary ” Shall mean, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, limited liability company, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person.

“ Swingline Commitment” Shall mean the commitment of the Swingline Lender to make Swingline Loans in an aggregate principal amount at any time outstanding up to the Swingline Committed Amount, and the commitment of the Lenders to purchase participation interests in the Swingline Loans as provided in Section 5.2(b), as such amounts may be reduced from time to time in accordance with the provisions hereof.

“ Swingline Commitment Period” Means the period from and including the Closing Date to but excluding the Development Line Termination Date.

“ Swingline Committed Amount” Shall mean the amount of the Swingline Lender’s Swingline Commitment as specified in Section 5.1.

“ Swingline Exposure” Shall mean with respect to any Lender, an amount equal to the Applicable Percentage of such Lender multiplied by the principal amount of outstanding Swingline Loans.

“ Swingline Lender” Shall mean Citizens and any successor swingline lender.

“ Swingline Loan” Shall have the meaning set forth in Section 5.2.

“ Swingline Loan Note” Shall mean the promissory note of the Borrower in favor of the Swingline Lender evidencing the Swingline Loans provided pursuant to Section 5.2, as such promissory Note may be amended, modified, extended, restated, replaced, or supplemented from time to time.

“ Taxes” Shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“ Term Loan” As defined in Section 3.1 of this Agreement.

“ Term Loans” The Term Loan (as defined in Section 3.1 of this Agreement) and the Conversion Obligations.

“ Term Loan Maturity Date” December 16, 2019.

“ Term Notes” As defined in Section 3.1 of this Agreement.

“ Third Party Rent” All operating lease expense of any Person for any period paid to third parties which are not Affiliates of such Person.

“ Type” Shall mean, as to any Borrowing, its nature as an Alternate Base Rate Loan or LIBOR Rate Loan, as the case may be.

“ U.S. Borrower” Shall mean any Borrower that is a U.S. Person.

“U.S. Person” Shall mean any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Internal Revenue Code.

“U.S. Tax Compliance Certificate” Has the meaning assigned to such term in Section 7.7(F)(ii)(B)(iii).

“Withholding Agent” Any Borrower and the Administrative Agent.

EXHIBIT 1
AUTHORIZED REPRESENTATIVES

1. The Authorized Representative of the Borrowers shall be any one of the following parties acting individually or together:
 - a. David Burke, Treasurer for any Borrower corporation
 - b. David Burke, Treasurer of AMC Wings, Inc. as the Manager of any Borrower limited liability company

EXHIBIT 3.1
TERM NOTE

\$_____.00

Boston, Massachusetts
December __, 2014

FOR VALUE RECEIVED, the undersigned, each having a mailing address at 27680 Franklin Road Southfield, MI 48034 (each, a “**Borrower**” and collectively, the “**Borrower**”), hereby jointly and severally promise to pay to the order of _____ (the “Lender”), the principal sum of _____ US Dollars (US \$_____.00). All principal and accrued interest hereunder unless earlier due and payable shall be due and payable in full on the Term Loan Maturity Date. All capitalized terms used in this Note shall, unless otherwise defined herein, have the same meanings given to such terms in the Amended and Restated Credit Agreement by and between Borrower, the Administrative Agent and the Lenders referred to therein, dated as of December __, 2014 (the “**Credit Agreement**”).

Principal shall be payable in the amounts and at the times set forth in the schedule attached as Exhibit 3.4 to the Credit Agreement. Borrower shall pay interest on the unpaid principal balance hereof from time to time outstanding from the date hereof at the rate or rates per annum and at the times provided in the Credit Agreement. Borrower shall pay interest on the unpaid principal balance hereof at the Default Rate as provided in the Credit Agreement. Such interest rate will accrue before and after any judgment has been entered.

Subject to the provisions of the Credit Agreement, payments of both principal and interest shall be made without setoff, counterclaim or other deduction of any nature at the office of the Lender located at 28 State Street, Boston, Massachusetts 02109, unless otherwise directed in writing

This Note is one of the Term Notes referred to in, and is entitled to the benefits of, the Loan Documents, including the representations, warranties, covenants, conditions and Liens contained or granted therein. The Credit Agreement among other things contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayment, in certain circumstances, on account of principal hereof prior to maturity upon the terms and conditions therein specified.

Except as otherwise provided in the Credit Agreement, Borrower waives presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note and the Credit Agreement.

This Note shall bind Borrower and its successors and permitted assigns, and the benefits hereof shall inure to the benefit of Lender and its successors and assigns. All references herein to "Borrower" and "Lender" shall be deemed to apply to Borrower and Lender, respectively, and their respective successors and assigns as permitted under the Credit Agreement.

This Note and any other documents delivered in connection herewith and the rights and obligations of the parties hereto and thereto shall, for all purposes be governed by and construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, without regard to its conflict of laws provisions.

This Note amends and restates in its entirety the term note dated _____ of the Borrowers in favor of _____ in the original principal amount of \$_____.

IN WITNESS WHEREOF, and intending to be legally bound, the undersigned has caused this Note to be executed by its duly authorized officer with the intention that it constitutes a sealed instrument.

[SIGNATURE PAGE FOLLOWS]

Executed by each of the parties below as a document under seal as of the date first written above:

AMC Adrian, Inc.
AMC Bagley, Inc.
AMC Bagley Real Estate, Inc.
AMC Birch Run, Inc.
AMC Calumet City, Inc.
AMC Canton Real Estate, Inc.
AMC Chesterfield, Inc.
AMC Chicago, Inc.
AMC Clearwater, Inc.
AMC Crown Point, Inc.
AMC Detroit, Inc.
AMC Flint, Inc.
AMC Ft. Myers, Inc.
AMC Grand Blanc, Inc.
AMC Hammond Inc.
AMC Hammond Real Estate, Inc.
AMC Hobart, Inc.
AMC Homewood, Inc.
AMC Lakeland, Inc.
AMC Lansing, Inc.
AMC Lapeer, Inc.
AMC Largo, Inc.
AMC Marquette, Inc.
AMC North Port, Inc.
AMC Oldsmar, Inc.
AMC Petoskey, Inc.
AMC Pinellas Park, Inc.
AMC Port Huron, Inc.
AMC Riverview, Inc.
AMC Royal Oak, Inc.
AMC Sarasota, Inc.
AMC Sault Ste. Marie, Inc.
AMC Schererville, Inc.
AMC Traverse City, Inc.
AMC Trinity, Inc.
AMC Troy, Inc.
AMC Valparaiso, Inc.
AMC Warren, LLC
AMC Wesley Chapel, Inc.
AMC Wesley Chapel Real Estate, Inc.
AMC Ybor, Inc.

Anker, Inc.
Ann Arbor Burgers, Inc.
Ansley Group, L.L.C.
Avon Burgers, Inc.
Bearcat Enterprises, Inc.
Berkley Burgers, Inc.
Birch Run Burgers, Inc.
Bloomfield Burgers, Inc.
Brighton Burgers, Inc.
Buckeye Group, LLC
Buckeye Group II, LLC,
Canton Burgers, Inc.
Cascade Burgers, Inc.
Cascade Burgers Real Estate, Inc.
Chesterfield Township Burgers, Inc.
Crown Point Burgers Inc.
Detroit Burgers, Inc.
DMM Group, LLC
East Lansing Burgers, Inc.
Fishers Burgers, Inc.
Fort Wayne North Burgers, Inc.
Flyer Enterprises, Inc.
Grand Blanc Burgers, Inc.
Grand Rapids Burgers, Inc.
Grandville Burgers, Inc.
Greenwood Burgers, Inc.
Holland Burgers, Inc.
Indy/Michigan Road Inc.
MCA Enterprises Brandon, Inc.
Schererville Burgers, Inc.
Shelby Township Burgers, Inc.
Terre Haute Burgers, Inc.
TMA Enterprises of Ferndale, LLC
TMA Enterprises of NOVI, Inc.
Traverse City Burgers, Inc.
Troy Burgers, Inc.
Westfield Burgers, Inc.
Woodhaven Burgers, Inc.

By: _____
David G. Burke, Treasurer
of each of the above listed entities

EXHIBIT 3.3
(TERM LOAN)
INITIAL NOTICE OF BORROWING
Citizens Bank, National Association
28 State Street
Boston, MA 02109

Re: Initial Request for a Borrowing in connection with that certain Amended and Restated Credit Agreement dated as of December __, 2014 (the "Agreement"), between the Borrowers identified therein and Citizens Bank, National Association, a national banking association, and the other lenders parties thereto (the "Lenders"), as the same may be amended or restated from time to time. Capitalized terms used but not defined herein shall have the meaning given to such terms in the Agreement.

The undersigned requests a Borrowing under the following \$56,000,000.00 Term Loan:

1. On December __, 2014 (a Business Day);
2. In the amount of \$56,000,000.00;
3. With an Interest Period of 1 month;
4. Type of Loan: __ LIBOR Rate Loan or __ Base Rate Loan (select one)
5. The undersigned Borrowers hereby represent, warrant and certify to the Administrative Agent and the Lenders as follows:
 - (a) All representations and warranties of the Borrowers in the Loan Documents are true and correct in all material respects as of the date hereof and will be true and correct in all material respects as of the making of the requested Borrowing.
 - (b) The Borrowers are in compliance in all material respects with all of their obligations, duties and covenants under the Loan Documents, including but not limited to the Financial Covenants set forth in Sections 12.5 and 12.6 of the Agreement.

- (c) No Default or Event of Default has occurred under the Loan Documents.
- (d) All conditions to the disbursement of funds requested herein, as set forth in Section 9 of the Agreement, have been fulfilled.
- (e) Since the Closing Date, no event has occurred that has had or could reasonably be expected to have a Material Adverse Effect on any of the Borrowers or the Collateral.
- (f) Disbursement of the funds requested herein will not result in a violation of any of the Borrowers' financial covenants in any of the Loan Documents.

6. The Borrowers certify that the statements made herein are, and the information in any documents submitted herewith is, true and has duly caused this Notice of Borrowing to be signed on its behalf by an authorized officer.

[SIGNATURE PAGE FOLLOWS]

Executed by each of the parties below as a document under seal as of the date first written above:

AMC Adrian, Inc.
AMC Bagley, Inc.
AMC Bagley Real Estate, Inc.
AMC Birch Run, Inc.
AMC Calumet City, Inc.
AMC Canton Real Estate, Inc.
AMC Chesterfield, Inc.
AMC Chicago, Inc.
AMC Clearwater, Inc.
AMC Crown Point, Inc.
AMC Detroit, Inc.
AMC Flint, Inc.
AMC Ft. Myers, Inc.
AMC Grand Blanc, Inc.
AMC Hammond Inc.
AMC Hammond Real Estate, Inc.
AMC Hobart, Inc.
AMC Homewood, Inc.
AMC Lakeland, Inc.
AMC Lansing, Inc.
AMC Lapeer, Inc.
AMC Largo, Inc.
AMC Marquette, Inc.
AMC North Port, Inc.
AMC Oldsmar, Inc.
AMC Petoskey, Inc.
AMC Pinellas Park, Inc.
AMC Port Huron, Inc.
AMC Riverview, Inc.
AMC Royal Oak, Inc.
AMC Sarasota, Inc.
AMC Sault Ste. Marie, Inc.
AMC Schererville, Inc.
AMC Traverse City, Inc.
AMC Trinity, Inc.
AMC Troy, Inc.
AMC Valparaiso, Inc.
AMC Warren, LLC
AMC Wesley Chapel, Inc.
AMC Wesley Chapel Real Estate, Inc.
AMC Ybor, Inc.

Anker, Inc.
Ann Arbor Burgers, Inc.
Ansley Group, L.L.C.
Avon Burgers, Inc.
Bearcat Enterprises, Inc.
Berkley Burgers, Inc.
Birch Run Burgers, Inc.
Bloomfield Burgers, Inc.
Brighton Burgers, Inc.
Buckeye Group, LLC
Buckeye Group II, LLC,
Canton Burgers, Inc.
Cascade Burgers, Inc.
Cascade Burgers Real Estate, Inc.
Chesterfield Township Burgers, Inc. Crown Point Burgers Inc.
Detroit Burgers, Inc.
DMM Group, LLC
East Lansing Burgers, Inc.
Fishers Burgers, Inc.
Fort Wayne North Burgers, Inc.
Flyer Enterprises, Inc.
Grand Blanc Burgers, Inc.
Grand Rapids Burgers, Inc.
Grandville Burgers, Inc.
Greenwood Burgers, Inc.
Holland Burgers, Inc.
Indy/Michigan Road Inc.
MCA Enterprises Brandon, Inc.
Schererville Burgers, Inc.
Shelby Township Burgers, Inc.
Terre Haute Burgers, Inc.
TMA Enterprises of Ferndale, LLC
TMA Enterprises of NOVI, Inc.
Traverse City Burgers, Inc.
Troy Burgers, Inc.
Westfield Burgers, Inc.
Woodhaven Burgers, Inc.

By: _____
David G. Burke, Treasurer
of each of the above listed entities

EXHIBIT 3.3(i)
INDEMNITY LETTER FOR LIBOR RATE LOANS

Date: December __, 2014

To the Administrative Agent and the Lenders under the Credit Agreement referred to below.

Reference is made to the draft Amended and Restated Credit Agreement dated as of December __, 2014, by and among the undersigned borrowers (the “Borrowers”), the Lenders party thereto, Citizens Bank, National Association, as Administrative Agent and the other parties thereto (the “Credit Agreement”). For convenience of reference, capitalized terms used herein without definition have the same meanings attributed thereto in the Credit Agreement.

The undersigned Borrowers have delivered to the Administrative Agent an executed Notice of Borrowing requesting LIBOR Rate Loans prior to execution of the Credit Agreement and the satisfaction or waiver of the conditions precedent to the extension of Credit set forth in Section 9 of the Credit Agreement. (Execution of the Credit Agreement and satisfaction or waiver of the Section 9 conditions precedent are hereinafter referred to as the “Funding Requirements”.) The undersigned acknowledges that (a) in order to accommodate the foregoing request, the Lenders are making funding arrangements for value on the requested date of the Borrowings, (b) there can be no assurance that the Funding Requirements will be satisfied, (c) the Lenders will not make such Loans unless the Funding Requirements are satisfied, and (d) if the Funding Requirements are not satisfied on or before the requested date of the Committed Borrowings, the Lenders may sustain funding losses as a result of such failure to close on such date.

In order to induce the Lenders to make the funding arrangements necessary to make the requested Loans, the undersigned agrees promptly upon demand to compensate each Lender and hold each Lender harmless from any loss, cost or expense (including the cost of counsel) which such Lender may incur (a) as a consequence of the failure to satisfy the Funding Requirements or to borrow from such Lender for any reason on the requested funding date or (b) in connection with the preparation, administration or enforcement of, or any dispute arising under, this Funding Indemnity Agreement. For purposes of calculating amounts payable by the Borrower to any Lender under this paragraph, the provisions of Section 7.6 of the Credit Agreement shall apply (regardless of whether the Credit Agreement ever becomes effective).

This Funding Indemnity Agreement shall in all respects be governed by, and construed in accordance with, the law of the Commonwealth of Massachusetts without regard to the principles of conflicts of laws.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have caused this Funding Indemnity Agreement to be duly executed by their officers thereunto duly authorized as of the day and year first above written.

AMC Adrian, Inc.
AMC Bagley, Inc.
AMC Bagley Real Estate, Inc.
AMC Birch Run, Inc.
AMC Calumet City, Inc.
AMC Canton Real Estate, Inc.
AMC Chesterfield, Inc.
AMC Chicago, Inc.
AMC Clearwater, Inc.
AMC Crown Point, Inc.
AMC Detroit, Inc.
AMC Flint, Inc.
AMC Ft. Myers, Inc.
AMC Grand Blanc, Inc.
AMC Hammond Inc.
AMC Hammond Real Estate, Inc.
AMC Hobart, Inc.
AMC Homewood, Inc.
AMC Lakeland, Inc.
AMC Lansing, Inc.
AMC Lapeer, Inc.
AMC Largo, Inc.
AMC Marquette, Inc.
AMC North Port, Inc.
AMC Oldsmar, Inc.
AMC Petoskey, Inc.
AMC Pinellas Park, Inc.
AMC Port Huron, Inc.
AMC Riverview, Inc.
AMC Royal Oak, Inc.
AMC Sarasota, Inc.
AMC Sault Ste. Marie, Inc.
AMC Schererville, Inc.
AMC Traverse City, Inc.
AMC Trinity, Inc.
AMC Troy, Inc.
AMC Valparaiso, Inc.
AMC Warren, LLC
AMC Wesley Chapel, Inc.
AMC Wesley Chapel Real Estate, Inc.
AMC Ybor, Inc.

Anker, Inc.
Ann Arbor Burgers, Inc.
Ansley Group, L.L.C.
Avon Burgers, Inc.
Bearcat Enterprises, Inc.
Berkley Burgers, Inc.
Birch Run Burgers, Inc.
Bloomfield Burgers, Inc.
Brighton Burgers, Inc.
Buckeye Group, LLC
Buckeye Group II, LLC,
Canton Burgers, Inc.
Cascade Burgers, Inc.
Cascade Burgers Real Estate, Inc.
Chesterfield Township Burgers, Inc. Crown Point Burgers Inc.
Detroit Burgers, Inc.
DMM Group, LLC
East Lansing Burgers, Inc.
Fishers Burgers, Inc.
Fort Wayne North Burgers, Inc.
Flyer Enterprises, Inc.
Grand Blanc Burgers, Inc.
Grand Rapids Burgers, Inc.
Grandville Burgers, Inc.
Greenwood Burgers, Inc.
Holland Burgers, Inc.
Indy/Michigan Road Inc.
MCA Enterprises Brandon, Inc.
Schererville Burgers, Inc.
Shelby Township Burgers, Inc.
Terre Haute Burgers, Inc.
TMA Enterprises of Ferndale, LLC
TMA Enterprises of NOVI, Inc.
Traverse City Burgers, Inc.
Troy Burgers, Inc.
Westfield Burgers, Inc.
Woodhaven Burgers, Inc.

By: _____
David G. Burke, Treasurer
of each of the above listed entities

EXHIBIT 3.4
TERM LOAN \$56,000,000.00

PRINCIPAL REPAYMENT SCHEDULE

<u>Principal Payment Date</u>	<u>Aggregate Principal Payment Amount under the Term Notes</u>
Commencing January 3, 2015 and continuing on the 2 nd Business Day of each succeeding calendar month up to and including December __, 2019.	\$666,666.67
December __, 2019 (Term Loan Maturity Date).	All principal and interest outstanding under the Term Loan on such Date.

EXHIBIT 4.1
DEVELOPMENT LINE OF CREDIT NOTE

\$_____.00

Boston, Massachusetts
December __, 2014

FOR VALUE RECEIVED, the undersigned, each having a mailing address at 27680 Franklin Road Southfield, MI 48034 (each, a “**Borrower**” and collectively, the “**Borrower**”), hereby jointly and severally promise to pay to the order of _____ (the “Lender”), the lesser of: (a) the principal sum of _____ US Dollars (US \$_____.00), or (b) the aggregate unpaid principal balance of all Line Advances made by Lender to Borrower pursuant to the Amended and Restated Credit Agreement dated as of the date hereof (“Credit Agreement”), by and between Borrower, the Administrative Agent and the Lenders. All capitalized terms used in this Note shall, unless otherwise defined herein, have the same meanings given to such terms in the Credit Agreement.

Borrowers shall pay interest on the unpaid principal balance hereof from time to time outstanding from the date hereof at the rate or rates per annum and at the times provided in the Credit Agreement. Borrowers shall pay principal and interest on the First Conversion Amount and Second Conversion Amount in the manner provided in the Credit Agreement. Borrower shall pay interest on the unpaid principal balance hereof at the Default Rate as provided in the Credit Agreement. Such interest rate will accrue before and after any judgment has been entered.

Subject to the provisions of the Credit Agreement, payments of both principal and interest shall be made without setoff, counterclaim or other deduction of any nature at the office of the Lender located at 28 State Street, Boston, Massachusetts 02109, unless otherwise directed in writing.

This Note is one of the Development Line of Credit Notes referred to in, and is entitled to the benefits of, the Loan Documents, including the representations, warranties, covenants, conditions and Liens contained or granted therein. The Credit Agreement among other things contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayment, in certain circumstances, on account of principal hereof prior to maturity upon the terms and conditions therein specified.

Except as otherwise provided in the Credit Agreement, Borrower waives presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note and the Credit Agreement.

This Note shall bind Borrower and its successors and permitted assigns, and the benefits hereof shall inure to the benefit of Lender and its successors and assigns. All references herein to "Borrower" and "Lender" shall be deemed to apply to Borrower and Lender, respectively, and their respective successors and assigns as permitted under the Credit Agreement.

This Note and any other documents delivered in connection herewith and the rights and obligations of the parties hereto and thereto shall, for all purposes be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Massachusetts, without regard to its conflict of laws provisions.

This Note amends and restates in its entirety the term note dated _____ of the Borrowers in favor of _____ in the original principal amount of \$_____.

IN WITNESS WHEREOF, and intending to be legally bound, the undersigned has caused this Note to be executed by its duly authorized officer with the intention that it constitutes a sealed instrument.

[SIGNATURE PAGE FOLLOWS]

Executed by each of the parties below as a document under seal as of the date first written above:

AMC Adrian, Inc.
AMC Bagley, Inc.
AMC Bagley Real Estate, Inc.
AMC Birch Run, Inc.
AMC Calumet City, Inc.
AMC Canton Real Estate, Inc.
AMC Chesterfield, Inc.
AMC Chicago, Inc.
AMC Clearwater, Inc.
AMC Crown Point, Inc.
AMC Detroit, Inc.
AMC Flint, Inc.
AMC Ft. Myers, Inc.
AMC Grand Blanc, Inc.
AMC Hammond Inc.
AMC Hammond Real Estate, Inc.
AMC Hobart, Inc.
AMC Homewood, Inc.
AMC Lakeland, Inc.
AMC Lansing, Inc.
AMC Lapeer, Inc.
AMC Largo, Inc.
AMC Marquette, Inc.
AMC North Port, Inc.
AMC Oldsmar, Inc.
AMC Petoskey, Inc.
AMC Pinellas Park, Inc.
AMC Port Huron, Inc.
AMC Riverview, Inc.
AMC Royal Oak, Inc.
AMC Sarasota, Inc.
AMC Sault Ste. Marie, Inc.
AMC Schererville, Inc.
AMC Traverse City, Inc.
AMC Trinity, Inc.
AMC Troy, Inc.
AMC Valparaiso, Inc.
AMC Warren, LLC
AMC Wesley Chapel, Inc.
AMC Wesley Chapel Real Estate, Inc.
AMC Ybor, Inc.

Anker, Inc.
Ann Arbor Burgers, Inc.
Ansley Group, L.L.C.
Avon Burgers, Inc.
Bearcat Enterprises, Inc.
Berkley Burgers, Inc.
Birch Run Burgers, Inc.
Bloomfield Burgers, Inc.
Brighton Burgers, Inc.
Buckeye Group, LLC
Buckeye Group II, LLC,
Canton Burgers, Inc.
Cascade Burgers, Inc.
Cascade Burgers Real Estate, Inc.
Chesterfield Township Burgers, Inc. Crown Point Burgers Inc.
Detroit Burgers, Inc.
DMM Group, LLC
East Lansing Burgers, Inc.
Fishers Burgers, Inc.
Fort Wayne North Burgers, Inc.
Flyer Enterprises, Inc.
Grand Blanc Burgers, Inc.
Grand Rapids Burgers, Inc.
Grandville Burgers, Inc.
Greenwood Burgers, Inc.
Holland Burgers, Inc.
Indy/Michigan Road Inc.
MCA Enterprises Brandon, Inc.
Schererville Burgers, Inc.
Shelby Township Burgers, Inc.
Terre Haute Burgers, Inc.
TMA Enterprises of Ferndale, LLC
TMA Enterprises of NOVI, Inc.
Traverse City Burgers, Inc.
Troy Burgers, Inc.
Westfield Burgers, Inc.
Woodhaven Burgers, Inc.

By: _____
David G. Burke, Treasurer
of each of the above listed entities

EXHIBIT 4.3
(DEVELOPMENT LINE OF CREDIT LOAN)
NOTICE OF BORROWING

Citizens Bank, National Association
28 State Street
Boston, MA 02109

Re: Request for a Borrowing in connection with that certain Amended and Restated Credit Agreement dated as of December __, 2014 (the "Agreement"), between the Borrowers and Citizens Bank, National Association, a national banking association, and the other lenders parties thereto (the "Lenders"), as the same may be amended or restated from time to time. Capitalized terms used but not defined herein shall have the meaning given to such terms in the Agreement.

The undersigned requests a Borrowing under the Development Line of Credit Loan:

1. On _____ (a Business Day);
2. In the amount of \$_____;
3. With an Interest Period of 1 month or 1 week (select one);
4. Type of Loan (check one)
 - LIBOR Rate Loan
 - Alternate Base Rate Loan
 - Combination of Above (If so specify amount for each):
\$_____ (LIBOR Rate Loan)
\$_____ (Alternate Base Rate Loan)
5. For the purpose of financing (check one):
 - BWW Development Advance
 - BD Development Advance
 - Real Estate Advance
6. The aggregate of all Line Advances under the Development Line of Credit Loan (including the requested advance and all outstanding Swingline Loans) is \$_____.

7. The amount is to be deposited into the following account:

Name on Account
(must be name of Borrower): _____

Name of Bank: _____

Account No. _____

Bank Address: _____

Routing No.: _____

Contact Person (if any): _____

Special Instructions: _____

8. The undersigned Borrowers hereby represent, warrant and certify to the Administrative Agent and the Lenders as follows:

- (a) All representations and warranties of Borrowers in the Loan Documents are true and correct in all material respects as of the date hereof and will be true and correct in all material respects as of the making of the requested Borrowing.
- (b) The Borrowers are in compliance in all material respects with all of their obligations, duties and covenants under the Loan Documents, including but not limited to the Financial Covenants set forth in Sections 12.5 and 12.6 of the Agreement.
- (c) No Default or Event of Default has occurred under the Loan Documents.
- (d) All conditions to the disbursement of funds requested herein, as set forth in Section 9, 9.1, and 9.2 of the Agreement, have been fulfilled.
- (e) Since the Closing Date, no event has occurred that has had or could reasonably be expected to have a Material Adverse Effect on any of the Borrowers or the Collateral.
- (f) Disbursement of the funds requested herein will not result in a violation of any of Borrowers' financial covenants in any of the Loan Documents.

9. The Borrowers certify that the statements made herein are, and the information in any documents submitted herewith is, true and has duly caused this Notice of Borrowing to be signed on its behalf by an authorized officer.

Executed by each of the parties below as a document under seal as of the date first written above:

AMC Adrian, Inc.
AMC Bagley, Inc.
AMC Bagley Real Estate, Inc.
AMC Birch Run, Inc.
AMC Calumet City, Inc.
AMC Canton Real Estate, Inc.
AMC Chesterfield, Inc.
AMC Chicago, Inc.
AMC Clearwater, Inc.
AMC Crown Point, Inc.
AMC Detroit, Inc.
AMC Flint, Inc.
AMC Ft. Myers, Inc.
AMC Grand Blanc, Inc.
AMC Hammond Inc.
AMC Hammond Real Estate, Inc.
AMC Hobart, Inc.
AMC Homewood, Inc.
AMC Lakeland, Inc.
AMC Lansing, Inc.
AMC Lapeer, Inc.
AMC Largo, Inc.
AMC Marquette, Inc.
AMC North Port, Inc.
AMC Oldsmar, Inc.
AMC Petoskey, Inc.
AMC Pinellas Park, Inc.
AMC Port Huron, Inc.
AMC Riverview, Inc.
AMC Royal Oak, Inc.
AMC Sarasota, Inc.
AMC Sault Ste. Marie, Inc.
AMC Schererville, Inc.
AMC Traverse City, Inc.
AMC Trinity, Inc.
AMC Troy, Inc.
AMC Valparaiso, Inc.
AMC Warren, LLC
AMC Wesley Chapel, Inc.
AMC Wesley Chapel Real Estate, Inc.
AMC Ybor, Inc.

Anker, Inc.
Ann Arbor Burgers, Inc.
Ansley Group, L.L.C.
Avon Burgers, Inc.
Bearcat Enterprises, Inc.
Berkley Burgers, Inc.
Birch Run Burgers, Inc.
Bloomfield Burgers, Inc.
Brighton Burgers, Inc.
Buckeye Group, LLC
Buckeye Group II, LLC,
Canton Burgers, Inc.
Cascade Burgers, Inc.
Cascade Burgers Real Estate, Inc.
Chesterfield Township Burgers, Inc. Crown Point Burgers Inc.
Detroit Burgers, Inc.
DMM Group, LLC
East Lansing Burgers, Inc.
Fishers Burgers, Inc.
Fort Wayne North Burgers, Inc.
Flyer Enterprises, Inc.
Grand Blanc Burgers, Inc.
Grand Rapids Burgers, Inc.
Grandville Burgers, Inc.
Greenwood Burgers, Inc.
Holland Burgers, Inc.
Indy/Michigan Road Inc.
MCA Enterprises Brandon, Inc.
Schererville Burgers, Inc.
Shelby Township Burgers, Inc.
Terre Haute Burgers, Inc.
TMA Enterprises of Ferndale, LLC
TMA Enterprises of NOVI, Inc.
Traverse City Burgers, Inc.
Troy Burgers, Inc.
Westfield Burgers, Inc.
Woodhaven Burgers, Inc.

By: _____
David G. Burke, Treasurer
of each of the above listed entities

EXHIBIT 5.2
(FORM SWINGLINE LOAN NOTE)

December __, 2014

FOR VALUE RECEIVED, the undersigned, each having a mailing address at 27680 Franklin Road Southfield, MI 48034 (each, a “**Borrower**” and collectively, the “**Borrower**”), hereby jointly and severally promise to pay on the Development Line Termination Date (as defined in the Credit Agreement defined below) to CITIZENS BANK, NATIONAL ASSOCIATION, or its registered assigns (the “Swingline Lender”) at the office of Citizens Bank, National Association, in lawful money of the United States of America and in immediately available funds, the aggregate unpaid principal amount of all Swingline Loans made by the Swingline Lender to the undersigned pursuant to Section 5.2 of the Amended and Restated Credit Agreement referred to below. The undersigned further agrees to pay interest in like money at such office on the unpaid principal amount hereof and, to the extent permitted by law, accrued interest in respect hereof from time to time from the date hereof until payment in full of the principal amount hereof and accrued interest hereon, at the rates and on the dates set forth in the Amended and Restated Credit Agreement.

This Swingline Loan Note is the Swingline Loan Note referred to in the Amended and Restate Credit Agreement, dated as of December __, 2014 (as amended, modified, extended, restated, replaced, or supplemented from time to time, the “Credit Agreement”), by and among the Borrower, the Administrative Agent, the Lenders and the Swingline Lender, and the holder is entitled to the benefits thereof. Capitalized terms used but not otherwise defined herein shall have the meanings provided in the Credit Agreement.

Subject to the provisions of the Credit Agreement, payments of both principal and interest shall be made without setoff, counterclaim or other deduction of any nature at the office of the Lender located at 28 State Street, Boston, Massachusetts 02109, unless otherwise directed in writing.

Upon the occurrence of any one or more of the Events of Default specified in the Credit Agreement, all amounts then remaining unpaid on this Swingline Loan Note shall become, or may be declared to be, immediately due and payable, all as provided therein. In the event this Swingline Loan Note is not paid when due at any stated or accelerated maturity, the Borrower agrees to pay, in addition to principal and interest, all costs of collection, including reasonable attorneys’ fees, all as and to the extent permitted under the Loan Documents.

All parties now and hereafter liable with respect to this Swingline Loan Note, whether maker, principal, surety, endorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind.

This Swingline may, upon execution, be delivered by facsimile or electronic mail, which shall be deemed for all purposes to be an original signature.

THIS SWINGLINE LOAN NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS.

[SIGNATURE PAGE FOLLOWS]

Executed by each of the parties below as a document under seal as of the date first written above:

AMC Adrian, Inc.
AMC Bagley, Inc.
AMC Bagley Real Estate, Inc.
AMC Birch Run, Inc.
AMC Calumet City, Inc.
AMC Canton Real Estate, Inc.
AMC Chesterfield, Inc.
AMC Chicago, Inc.
AMC Clearwater, Inc.
AMC Crown Point, Inc.
AMC Detroit, Inc.
AMC Flint, Inc.
AMC Ft. Myers, Inc.
AMC Grand Blanc, Inc.
AMC Hammond Inc.
AMC Hammond Real Estate, Inc.
AMC Hobart, Inc.
AMC Homewood, Inc.
AMC Lakeland, Inc.
AMC Lansing, Inc.
AMC Lapeer, Inc.
AMC Largo, Inc.
AMC Marquette, Inc.
AMC North Port, Inc.
AMC Oldsmar, Inc.
AMC Petoskey, Inc.
AMC Pinellas Park, Inc.
AMC Port Huron, Inc.
AMC Riverview, Inc.
AMC Royal Oak, Inc.
AMC Sarasota, Inc.
AMC Sault Ste. Marie, Inc.
AMC Schererville, Inc.
AMC Traverse City, Inc.
AMC Trinity, Inc.
AMC Troy, Inc.
AMC Valparaiso, Inc.
AMC Warren, LLC
AMC Wesley Chapel, Inc.
AMC Wesley Chapel Real Estate, Inc.
AMC Ybor, Inc.

Anker, Inc.
Ann Arbor Burgers, Inc.
Ansley Group, L.L.C.
Avon Burgers, Inc.
Bearcat Enterprises, Inc.
Berkley Burgers, Inc.
Birch Run Burgers, Inc.
Bloomfield Burgers, Inc.
Brighton Burgers, Inc.
Buckeye Group, LLC
Buckeye Group II, LLC,
Canton Burgers, Inc.
Cascade Burgers, Inc.
Cascade Burgers Real Estate, Inc.
Chesterfield Township Burgers, Inc. Crown Point Burgers Inc.
Detroit Burgers, Inc.
DMM Group, LLC
East Lansing Burgers, Inc.
Fishers Burgers, Inc.
Fort Wayne North Burgers, Inc.
Flyer Enterprises, Inc.
Grand Blanc Burgers, Inc.
Grand Rapids Burgers, Inc.
Grandville Burgers, Inc.
Greenwood Burgers, Inc.
Holland Burgers, Inc.
Indy/Michigan Road Inc.
MCA Enterprises Brandon, Inc.
Schererville Burgers, Inc.
Shelby Township Burgers, Inc.
Terre Haute Burgers, Inc.
TMA Enterprises of Ferndale, LLC
TMA Enterprises of NOVI, Inc.
Traverse City Burgers, Inc.
Troy Burgers, Inc.
Westfield Burgers, Inc.
Woodhaven Burgers, Inc.

By: _____
David G. Burke, Treasurer
of each of the above listed entities

EXHIBIT 5.2(a)
(SWINGLINE LOAN)
NOTICE OF BORROWING

Citizens Bank, National Association
28 State Street
Boston, MA 02109

Re: Request for a Borrowing in connection with that certain Swingline Loan pursuant to the Credit Agreement dated December __, 2014 (the "Agreement"), between the undersigned (jointly and severally, the "Borrower") and Citizens Bank, National Association, a national banking association ("Lender"), as the same may be amended or restated from time to time. Capitalized Terms used but not defined herein shall have the meaning given to such terms in the Agreement.

The undersigned requests a Borrowing under the Swingline Loan:

1. On _____ (a Business Day);
2. In the amount of \$ _____;
3. With an Interest Period of 1 month;
4. Type of Loan: LIBOR Advantage Loan
5. For the purpose of financing (check one):
 - BWW Development Advance
 - BD Development Advance
 - Real Estate Advance
6. The aggregate of all Swingline Loans (including the requested advance) is \$ _____.
7. The amount is to be deposited into the following account:

Name on Account
(must be name of Borrower): _____

Name of Bank: _____

Account No. _____

Bank Address: _____

Routing No.: _____

Contact Person (if any): _____

Special Instructions: _____

8. The undersigned Borrowers hereby represent, warrant and certify to the Administrative Agent and the Lenders as follows:

(a) All representations and warranties of Borrowers in the Loan Documents are true and correct in all material respects as of the date hereof and will be true and correct in all material respects as of the making of the requested Borrowing.

(b) The Borrowers are in compliance in all material respects with all of their obligations, duties and covenants under the Loan Documents, including but not limited to the Financial Covenants set forth in Sections 12.5 and 12.6 of the Agreement.

(c) No Default or Event of Default has occurred under the Loan Documents.

(d) All conditions to the disbursement of funds requested herein, as set forth in Sections 9, 9.1 and 9.2 of the Agreement have been fulfilled.

(e) Since the Closing Date, no event has occurred that has had or could reasonably be expected to have a Material Adverse Effect on any of the Borrowers or the Collateral.

(f) Disbursement of the funds requested herein will not result in a violation of any of Borrowers' financial covenants in any of the Loan Documents.

9. The Borrowers certify that the statements made herein are, and the information in any documents submitted herewith is, true and has duly caused this Notice of Borrowing to be signed on its behalf by an authorized officer.

[SIGNATURE PAGE FOLLOWS]

Executed by each of the parties below as a document under seal as of the date first written above:

AMC Adrian, Inc.
AMC Bagley, Inc.
AMC Bagley Real Estate, Inc.
AMC Birch Run, Inc.
AMC Calumet City, Inc.
AMC Canton Real Estate, Inc.
AMC Chesterfield, Inc.
AMC Chicago, Inc.
AMC Clearwater, Inc.
AMC Crown Point, Inc.
AMC Detroit, Inc.
AMC Flint, Inc.
AMC Ft. Myers, Inc.
AMC Grand Blanc, Inc.
AMC Hammond Inc.
AMC Hammond Real Estate, Inc.
AMC Hobart, Inc.
AMC Homewood, Inc.
AMC Lakeland, Inc.
AMC Lansing, Inc.
AMC Lapeer, Inc.
AMC Largo, Inc.
AMC Marquette, Inc.
AMC North Port, Inc.
AMC Oldsmar, Inc.
AMC Petoskey, Inc.
AMC Pinellas Park, Inc.
AMC Port Huron, Inc.
AMC Riverview, Inc.
AMC Royal Oak, Inc.
AMC Sarasota, Inc.
AMC Sault Ste. Marie, Inc.
AMC Schererville, Inc.
AMC Traverse City, Inc.
AMC Trinity, Inc.
AMC Troy, Inc.
AMC Valparaiso, Inc.
AMC Warren, LLC
AMC Wesley Chapel, Inc.
AMC Wesley Chapel Real Estate, Inc.
AMC Ybor, Inc.

Anker, Inc.
Ann Arbor Burgers, Inc.
Ansley Group, L.L.C.
Avon Burgers, Inc.
Bearcat Enterprises, Inc.
Berkley Burgers, Inc.
Birch Run Burgers, Inc.
Bloomfield Burgers, Inc.
Brighton Burgers, Inc.
Buckeye Group, LLC
Buckeye Group II, LLC,
Canton Burgers, Inc.
Cascade Burgers, Inc.
Cascade Burgers Real Estate, Inc.
Chesterfield Township Burgers, Inc. Crown Point Burgers Inc.
Detroit Burgers, Inc.
DMM Group, LLC
East Lansing Burgers, Inc.
Fishers Burgers, Inc.
Fort Wayne North Burgers, Inc.
Flyer Enterprises, Inc.
Grand Blanc Burgers, Inc.
Grand Rapids Burgers, Inc.
Grandville Burgers, Inc.
Greenwood Burgers, Inc.
Holland Burgers, Inc.
Indy/Michigan Road Inc.
MCA Enterprises Brandon, Inc.
Schererville Burgers, Inc.
Shelby Township Burgers, Inc.
Terre Haute Burgers, Inc.
TMA Enterprises of Ferndale, LLC
TMA Enterprises of NOVI, Inc.
Traverse City Burgers, Inc.
Troy Burgers, Inc.
Westfield Burgers, Inc.
Woodhaven Burgers, Inc.

By: _____
David G. Burke, Treasurer
of each of the above listed entities

EXHIBIT 6.1
REVOLVING LINE OF CREDIT NOTE

\$ _____ .00

Boston, Massachusetts
December __, 2014

FOR VALUE RECEIVED, the undersigned, each having a mailing address at 27680 Franklin Road Southfield, MI 48034 (each, a “ **Borrower** ” and collectively, the “ **Borrower** ”), hereby jointly and severally promise to pay to the order of _____ (the “Lender”), the lesser of: (a) the principal sum of _____ US Dollars (US \$ _____ .00), or (b) the aggregate unpaid principal balance of all Revolver Advances made by Lender to Borrowers pursuant to the Amended and Restated Credit Agreement dated as of the date hereof (“Credit Agreement”), by and between Borrowers, Administrative Agent and the Lenders. All principal and accrued interest hereunder unless earlier due and payable shall be due and payable in full on the Revolving Line Termination Date. All capitalized terms used in this Note shall, unless otherwise defined herein, have the same meanings given to such terms in the Credit Agreement.

Borrower shall pay interest on the unpaid principal balance hereof from time to time outstanding from the date hereof at the rate or rates per annum and at the times provided in the Credit Agreement. Borrower shall pay interest on the unpaid principal balance hereof at the Default Rate as provided in the Credit Agreement. Such interest rate will accrue before and after any judgment has been entered.

Subject to the provisions of the Credit Agreement, payments of both principal and interest shall be made without setoff, counterclaim or other deduction of any nature at the office of the Lender located at 28 State Street, Boston, Massachusetts 02109, unless otherwise directed in writing.

This Note is one of the Revolving Line of Credit Notes referred to in, and is entitled to the benefits of, the Loan Documents, including the representations, warranties, covenants, conditions and Liens contained or granted therein. The Credit Agreement among other things contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayment, in certain circumstances, on account of principal hereof prior to maturity upon the terms and conditions therein specified.

Except as otherwise provided in the Credit Agreement, Borrower waives presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note and the Credit Agreement.

This Note shall bind Borrower and its successors and permitted assigns, and the benefits hereof shall inure to the benefit of Lender and its successors and assigns. All references herein to "Borrower" and "Lender" shall be deemed to apply to Borrower and Lender, respectively, and their respective successors and assigns as permitted under the Credit Agreement.

This Note and any other documents delivered in connection herewith and the rights and obligations of the parties hereto and thereto shall, for all purposes be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Massachusetts, without regard to its conflict of laws provisions.

This Note amends and restates in its entirety the term note dated _____ of the Borrowers in favor of _____ in the original principal amount of \$_____.

IN WITNESS WHEREOF, and intending to be legally bound, the undersigned has caused this Note to be executed by its duly authorized officer with the intention that it constitutes a sealed instrument.

[SIGNATURE PAGE FOLLOWS]

Executed by each of the parties below as a document under seal as of the date first written above:

AMC Adrian, Inc.
AMC Bagley, Inc.
AMC Bagley Real Estate, Inc.
AMC Birch Run, Inc.
AMC Calumet City, Inc.
AMC Canton Real Estate, Inc.
AMC Chesterfield, Inc.
AMC Chicago, Inc.
AMC Clearwater, Inc.
AMC Crown Point, Inc.
AMC Detroit, Inc.
AMC Flint, Inc.
AMC Ft. Myers, Inc.
AMC Grand Blanc, Inc.
AMC Hammond Inc.
AMC Hammond Real Estate, Inc.
AMC Hobart, Inc.
AMC Homewood, Inc.
AMC Lakeland, Inc.
AMC Lansing, Inc.
AMC Lapeer, Inc.
AMC Largo, Inc.
AMC Marquette, Inc.
AMC North Port, Inc.
AMC Oldsmar, Inc.
AMC Petoskey, Inc.
AMC Pinellas Park, Inc.
AMC Port Huron, Inc.
AMC Riverview, Inc.
AMC Royal Oak, Inc.
AMC Sarasota, Inc.
AMC Sault Ste. Marie, Inc.
AMC Schererville, Inc.
AMC Traverse City, Inc.
AMC Trinity, Inc.
AMC Troy, Inc.
AMC Valparaiso, Inc.
AMC Warren, LLC
AMC Wesley Chapel, Inc.
AMC Wesley Chapel Real Estate, Inc.
AMC Ybor, Inc.

Anker, Inc.
Ann Arbor Burgers, Inc.
Ansley Group, L.L.C.
Avon Burgers, Inc.
Bearcat Enterprises, Inc.
Berkley Burgers, Inc.
Birch Run Burgers, Inc.
Bloomfield Burgers, Inc.
Brighton Burgers, Inc.
Buckeye Group, LLC
Buckeye Group II, LLC,
Canton Burgers, Inc.
Cascade Burgers, Inc.
Cascade Burgers Real Estate, Inc.
Chesterfield Township Burgers, Inc.
Crown Point Burgers Inc.
Detroit Burgers, Inc.
DMM Group, LLC
East Lansing Burgers, Inc.
Fishers Burgers, Inc.
Fort Wayne North Burgers, Inc.
Flyer Enterprises, Inc.
Grand Blanc Burgers, Inc.
Grand Rapids Burgers, Inc.
Grandville Burgers, Inc.
Greenwood Burgers, Inc.
Holland Burgers, Inc.
Indy/Michigan Road Inc.
MCA Enterprises Brandon, Inc.
Schererville Burgers, Inc.
Shelby Township Burgers, Inc.
Terre Haute Burgers, Inc.
TMA Enterprises of Ferndale, LLC
TMA Enterprises of NOVI, Inc.
Traverse City Burgers, Inc.
Troy Burgers, Inc.
Westfield Burgers, Inc.
Woodhaven Burgers, Inc.

By: _____
David G. Burke, Treasurer
of each of the above listed entities

EXHIBIT 6.3
(REVOLVING LINE OF CREDIT LOAN)
NOTICE OF BORROWING

Citizens Bank, National Association
28 State Street
Boston, MA 02109

Re: Request for a Borrowing in connection with that certain Revolving Line of Credit Loan pursuant to the Amended and Restated Credit Agreement dated December __, 2014 (the "Agreement"), between the undersigned (jointly and severally, the "Borrower") and Citizens Bank, National Association, a national banking association ("Lender"), as the same may be amended or restated from time to time. Capitalized Terms used but not defined herein shall have the meaning given to such terms in the Agreement.

The undersigned requests a Borrowing under the Revolving Line of Credit Loan:

1. On _____ (a Business Day);
2. In the amount of \$_____;
3. With an Interest Period of 1 month;
4. Type of Loan (check one)
 - LIBOR Rate Loan
 - Alternate Base Rate Loan
 - Combination of Above (If so specify amount for each):
\$_____ (LIBOR Rate Loan)
\$_____ (Alternate Base Rate Loan)
5. The aggregate of all Revolver Advances (including the requested advance) is \$_____.
6. The amount is to be deposited into the following account:
 - Name on Account
(must be name of Borrower): _____
 - Name of Bank: _____

Account No. _____

Bank Address: _____

Routing No.: _____

Contact Person (if any): _____

Special Instructions: _____

7. The undersigned Borrowers hereby represent, warrant and certify to the Administrative Agent and the Lenders as follows:
- (a) All representations and warranties of Borrowers in the Loan Documents are true and correct in all material respects as of the date hereof and will be true and correct in all material respects as of the making of the requested Borrowing.
 - (b) The Borrowers are in compliance in all material respects with all of their obligations, duties and covenants under the Loan Documents, including but not limited to the Financial Covenants set forth in Sections 12.5 and 12.6 of the Agreement.
 - (c) No Default or Event of Default has occurred under the Loan Documents.
 - (d) All conditions to the disbursement of funds requested herein, as set forth in Sections 9, 9.1 and 9.2 of the Agreement have been fulfilled.
 - (e) Since the Closing Date, no event has occurred that has had or could reasonably be expected to have a Material Adverse Effect on any of the Borrowers or the Collateral.
 - (f) Disbursement of the funds requested herein will not result in a violation of any of Borrowers' financial covenants in any of the Loan Documents.

The Borrowers certify that the statements made herein are, and the information in any documents submitted herewith is, true and has duly caused this Notice of Borrowing to be signed on its behalf by an authorized officer.

[SIGNATURE PAGE FOLLOWS]

Executed by each of the parties below as a document under seal as of the date first written above:

AMC Adrian, Inc.
AMC Bagley, Inc.
AMC Bagley Real Estate, Inc.
AMC Birch Run, Inc.
AMC Calumet City, Inc.
AMC Canton Real Estate, Inc.
AMC Chesterfield, Inc.
AMC Chicago, Inc.
AMC Clearwater, Inc.
AMC Crown Point, Inc.
AMC Detroit, Inc.
AMC Flint, Inc.
AMC Ft. Myers, Inc.
AMC Grand Blanc, Inc.
AMC Hammond Inc.
AMC Hammond Real Estate, Inc.
AMC Hobart, Inc.
AMC Homewood, Inc.
AMC Lakeland, Inc.
AMC Lansing, Inc.
AMC Lapeer, Inc.
AMC Largo, Inc.
AMC Marquette, Inc.
AMC North Port, Inc.
AMC Oldsmar, Inc.
AMC Petoskey, Inc.
AMC Pinellas Park, Inc.
AMC Port Huron, Inc.
AMC Riverview, Inc.
AMC Royal Oak, Inc.
AMC Sarasota, Inc.
AMC Sault Ste. Marie, Inc.
AMC Schererville, Inc.
AMC Traverse City, Inc.
AMC Trinity, Inc.
AMC Troy, Inc.
AMC Valparaiso, Inc.
AMC Warren, LLC
AMC Wesley Chapel, Inc.
AMC Wesley Chapel Real Estate, Inc.
AMC Ybor, Inc.

Anker, Inc.
Ann Arbor Burgers, Inc.
Ansley Group, L.L.C.
Avon Burgers, Inc.
Bearcat Enterprises, Inc.
Berkley Burgers, Inc.
Birch Run Burgers, Inc.
Bloomfield Burgers, Inc.
Brighton Burgers, Inc.
Buckeye Group, LLC
Buckeye Group II, LLC,
Canton Burgers, Inc.
Cascade Burgers, Inc.
Cascade Burgers Real Estate, Inc.
Chesterfield Township Burgers, Inc. Crown Point Burgers Inc.
Detroit Burgers, Inc.
DMM Group, LLC
East Lansing Burgers, Inc.
Fishers Burgers, Inc.
Fort Wayne North Burgers, Inc.
Flyer Enterprises, Inc.
Grand Blanc Burgers, Inc.
Grand Rapids Burgers, Inc.
Grandville Burgers, Inc.
Greenwood Burgers, Inc.
Holland Burgers, Inc.
Indy/Michigan Road Inc.
MCA Enterprises Brandon, Inc.
Schererville Burgers, Inc.
Shelby Township Burgers, Inc.
Terre Haute Burgers, Inc.
TMA Enterprises of Ferndale, LLC
TMA Enterprises of NOVI, Inc.
Traverse City Burgers, Inc.
Troy Burgers, Inc.
Westfield Burgers, Inc.
Woodhaven Burgers, Inc.

By: _____
David G. Burke, Treasurer
of each of the above listed entities

EXHIBIT 7.1(b)
NOTICE OF CONVERSION

Citizens Bank, National Association
28 State Street
Boston, MA 02109

Re: Request for a Conversion in connection with that certain Amended and Restated Credit Agreement dated as of December __ 2014 (the "Agreement"), between the Borrowers identified therein and Citizens Bank, National Association, a national banking association, and the other lenders parties thereto (the "Lenders"), as the same may be amended or restated from time to time. Capitalized terms used but not defined herein shall have the meaning given to such terms in the Agreement.

A. The undersigned requests the following under the following Loan Facility (check one):

- \$56,000,000.00 Term Loan
- \$20,000,000.00 Development Line of Credit Loan
- \$1,000,000.00 Revolving Line of Credit Loan
- \$1,000,000.00 Swingline Loan
- First Conversion Amount
- Second Conversion Amount

1 On _____ (a Business Day);

2 Convert the LIBOR Rate Loan in the amount of \$_____ to an Alternate Base Rate Loan in the Amount of \$_____.

3 Convert the Alternate Base Rate Loan in the amount of \$_____ to an LIBOR Rate Loan in the Amount of \$_____.

4 The undersigned Borrowers hereby represent, warrant and certify to the Administrative Agent and the Lenders as follows:

(a) All representations and warranties of the Borrowers in the Loan Documents are true and correct in all material respects as of the date hereof and will be true and correct in all material respects as of the making of the requested Borrowing.

- i. The Borrowers are in compliance in all material respects with all of their obligations, duties and covenants under the Loan Documents, including but not limited to the Financial Covenants set forth in Sections 12.5 and 12.6 of the Agreement.
- ii. No Default or Event of Default has occurred under the Loan Documents.
- iii. All conditions to the disbursement of funds requested herein, as set forth in Sections 9, 9.1, and 9.2 of the Agreement, have been fulfilled.
- iv. Since the Closing Date, no event has occurred that has had or could reasonably be expected to have a Material Adverse Effect on any of the Borrowers or the Collateral.
- v. Disbursement of the funds requested herein will not result in a violation of any of the Borrowers' financial covenants in any of the Loan Documents.

The Borrowers certify that the statements made herein are, and the information in any documents submitted herewith is, true and has duly caused this Notice of Borrowing to be signed on its behalf by an authorized officer.

[SIGNATURE PAGE FOLLOWS]

Executed by each of the parties below as a document under seal as of the date first written above:

AMC Adrian, Inc.
AMC Bagley, Inc.
AMC Bagley Real Estate, Inc.
AMC Birch Run, Inc.
AMC Calumet City, Inc.
AMC Canton Real Estate, Inc.
AMC Chesterfield, Inc.
AMC Chicago, Inc.
AMC Clearwater, Inc.
AMC Crown Point, Inc.
AMC Detroit, Inc.
AMC Flint, Inc.
AMC Ft. Myers, Inc.
AMC Grand Blanc, Inc.
AMC Hammond Inc.
AMC Hammond Real Estate, Inc.
AMC Hobart, Inc.
AMC Homewood, Inc.
AMC Lakeland, Inc.
AMC Lansing, Inc.
AMC Lapeer, Inc.
AMC Largo, Inc.
AMC Marquette, Inc.
AMC North Port, Inc.
AMC Oldsmar, Inc.
AMC Petoskey, Inc.
AMC Pinellas Park, Inc.
AMC Port Huron, Inc.
AMC Riverview, Inc.
AMC Royal Oak, Inc.
AMC Sarasota, Inc.
AMC Sault Ste. Marie, Inc.
AMC Schererville, Inc.
AMC Traverse City, Inc.
AMC Trinity, Inc.
AMC Troy, Inc.
AMC Valparaiso, Inc.
AMC Warren, LLC
AMC Wesley Chapel, Inc.
AMC Wesley Chapel Real Estate, Inc.
AMC Ybor, Inc.

Anker, Inc.
Ann Arbor Burgers, Inc.
Ansley Group, L.L.C.
Avon Burgers, Inc.
Bearcat Enterprises, Inc.
Berkley Burgers, Inc.
Birch Run Burgers, Inc.
Bloomfield Burgers, Inc.
Brighton Burgers, Inc.
Buckeye Group, LLC
Buckeye Group II, LLC,
Canton Burgers, Inc.
Cascade Burgers, Inc.
Cascade Burgers Real Estate, Inc.
Chesterfield Township Burgers, Inc. Crown Point Burgers Inc.
Detroit Burgers, Inc.
DMM Group, LLC
East Lansing Burgers, Inc.
Fishers Burgers, Inc.
Fort Wayne North Burgers, Inc.
Flyer Enterprises, Inc.
Grand Blanc Burgers, Inc.
Grand Rapids Burgers, Inc.
Grandville Burgers, Inc.
Greenwood Burgers, Inc.
Holland Burgers, Inc.
Indy/Michigan Road Inc.
MCA Enterprises Brandon, Inc.
Schererville Burgers, Inc.
Shelby Township Burgers, Inc.
Terre Haute Burgers, Inc.
TMA Enterprises of Ferndale, LLC
TMA Enterprises of NOVI, Inc.
Traverse City Burgers, Inc.
Troy Burgers, Inc.
Westfield Burgers, Inc.
Woodhaven Burgers, Inc.

By: _____
David G. Burke, Treasurer
of each of the above listed entities

EXHIBIT 7.1(c)
NOTICE OF EXTENSION/INTEREST PERIOD CHANGE (DLOC)

Citizens Bank, National Association
28 State Street
Boston, MA 02109

Re: Request for an Extension/Interest Period Change in connection with that certain Development Line of Credit Loan under the Amended and Restated Credit Agreement dated as of December __, 2014 (the "Agreement"), between the Borrowers identified therein and Citizens Bank, National Association, a national banking association, and the other lenders parties thereto (the "Lenders"), as the same may be amended or restated from time to time. Capitalized terms used but not defined herein shall have the meaning given to such terms in the Agreement.

The undersigned requests the following under the following with respect to the \$20,000,000.00 Development Line of Credit Loan:

- 1 On _____ (a Business Day);
- 2 Change the Interest Period now applicable to the LIBOR Rate Loan in the amount of \$_____ ending on _____ to an Interest Period of _____.

The undersigned Borrowers hereby represent, warrant and certify to the Administrative Agent and the Lenders as follows:

(a) All representations and warranties of the Borrowers in the Loan Documents are true and correct in all material respects as of the date hereof and will be true and correct in all material respects as of the making of the requested Borrowing.

- vi. The Borrowers are in compliance in all material respects with all of their obligations, duties and covenants under the Loan Documents, including but not limited to the Financial Covenants set forth in Sections 12.5 and 12.6 of the Agreement.
- vii. No Default or Event of Default has occurred under the Loan Documents.
- viii. All conditions to the disbursement of funds requested herein, as set forth in Sections 9, 9.1 and 9.2 of the Agreement, have been fulfilled.

- ix. Since the Closing Date, no event has occurred that has had or could reasonably be expected to have a Material Adverse Effect on any of the Borrowers or the Collateral.
- x. Disbursement of the funds requested herein will not result in a violation of any of the Borrowers' financial covenants in any of the Loan Documents.

The Borrowers certify that the statements made herein are, and the information in any documents submitted herewith is, true and has duly caused this Notice of Borrowing to be signed on its behalf by an authorized officer.

[SIGNATURE PAGE FOLLOWS]

Executed by each of the parties below as a document under seal as of the date first written above:

AMC Adrian, Inc.
AMC Bagley, Inc.
AMC Bagley Real Estate, Inc.
AMC Birch Run, Inc.
AMC Calumet City, Inc.
AMC Canton Real Estate, Inc.
AMC Chesterfield, Inc.
AMC Chicago, Inc.
AMC Clearwater, Inc.
AMC Crown Point, Inc.
AMC Detroit, Inc.
AMC Flint, Inc.
AMC Ft. Myers, Inc.
AMC Grand Blanc, Inc.
AMC Hammond Inc.
AMC Hammond Real Estate, Inc.
AMC Hobart, Inc.
AMC Homewood, Inc.
AMC Lakeland, Inc.
AMC Lansing, Inc.
AMC Lapeer, Inc.
AMC Largo, Inc.
AMC Marquette, Inc.
AMC North Port, Inc.
AMC Oldsmar, Inc.
AMC Petoskey, Inc.
AMC Pinellas Park, Inc.
AMC Port Huron, Inc.
AMC Riverview, Inc.
AMC Royal Oak, Inc.
AMC Sarasota, Inc.
AMC Sault Ste. Marie, Inc.
AMC Schererville, Inc.
AMC Traverse City, Inc.
AMC Trinity, Inc.
AMC Troy, Inc.
AMC Valparaiso, Inc.
AMC Warren, LLC
AMC Wesley Chapel, Inc.
AMC Wesley Chapel Real Estate, Inc.
AMC Ybor, Inc.

Anker, Inc.
Ann Arbor Burgers, Inc.
Ansley Group, L.L.C.
Avon Burgers, Inc.
Bearcat Enterprises, Inc.
Berkley Burgers, Inc.
Birch Run Burgers, Inc.
Bloomfield Burgers, Inc.
Brighton Burgers, Inc.
Buckeye Group, LLC
Buckeye Group II, LLC,
Canton Burgers, Inc.
Cascade Burgers, Inc.
Cascade Burgers Real Estate, Inc.
Chesterfield Township Burgers, Inc.
Crown Point Burgers Inc.
Detroit Burgers, Inc.
DMM Group, LLC
East Lansing Burgers, Inc.
Fishers Burgers, Inc.
Fort Wayne North Burgers, Inc.
Flyer Enterprises, Inc.
Grand Blanc Burgers, Inc.
Grand Rapids Burgers, Inc.
Grandville Burgers, Inc.
Greenwood Burgers, Inc.
Holland Burgers, Inc.
Indy/Michigan Road Inc.
MCA Enterprises Brandon, Inc.
Schererville Burgers, Inc.
Shelby Township Burgers, Inc.
Terre Haute Burgers, Inc.
TMA Enterprises of Ferndale, LLC
TMA Enterprises of NOVI, Inc.
Traverse City Burgers, Inc.
Troy Burgers, Inc.
Westfield Burgers, Inc.
Woodhaven Burgers, Inc.

By: _____
David G. Burke, Treasurer
of each of the above listed entities

EXHIBIT 8.1
AUTOMATED CLEARING HOUSE "ACH" AUTHORIZATION

Citizens Bank, National Association
28 State Street, 14th Floor
Boston, MA 02109
Telephone: _____
Fax: _____

RE: Name of Depository: _____
Depository Address: _____
ABA Routing/Transit #: _____
Account Name: _____
Account Number: _____

The undersigned obligor hereby authorizes Citizens Bank, National Association, or its affiliates and successors and assigns ("Lender") to initiate debit entries to the account indicated below, at the financial organization named below ("Depository") for regularly scheduled payments due to Lender under those certain agreements by the undersigned obligor in favor of Lender ("Payment Obligations"). This Authorization is effective immediately from the date hereof and will remain in full force and effect on each current and subsequently established account until all Payment Obligations are paid in full or until Lender has received written notification from the undersigned of its termination in such time and manner as to afford Lender and the Depository a reasonable opportunity to act upon it.

OBLIGORS:

Flyer Enterprises, Inc., Anker, Inc., TMA Enterprises of Novi, Inc., AMC Grand Blanc, Inc., AMC Petoskey, Inc., AMC Troy, Inc., AMC Flint, Inc., AMC Port Huron, Inc., AMC Chesterfield, Inc., AMC Marquette, Inc., MCA Enterprises Brandon, Inc., AMC North Port, Inc., AMC Riverview, Inc., Berkley Burgers, Inc., Troy Burgers, Inc., Ann Arbor Burgers, Inc., AMC Traverse City, Inc., Brighton Burgers, Inc., Cascade Burgers Real Estate, Inc., Cascade Burgers, Inc., East Lansing Burgers, Inc., Bearcat Enterprises, Inc., Chesterfield Township Burgers, Inc., Detroit Burgers, Inc., Grand Rapids Burgers, Inc., AMC Sault Ste. Marie, Inc., AMC Lapeer, Inc., TMA Enterprises of Ferndale, LLC, AMC Warren, LLC, Buckeye Group, LLC, Buckeye Group II, LLC, AMC Lakeland, Inc., AMC Sarasota, Inc., AMC Ft. Myers, Inc., AMC Ybor, Inc., Shelby Township Burgers, Inc., AMC Detroit, Inc., AMC Largo, Inc., Bloomfield Burgers, Inc., Holland Burgers, Inc., Grandville Burgers, Inc., Ansley Group, L.L.C., Indy/Michigan Road Inc., Avon Burgers, Inc., Westfield Burgers, Inc., AMC Calumet City, Inc., AMC Homewood, Inc., AMC Lansing, Inc., AMC Crown Point, Inc., AMC Hobart, Inc., AMC Schererville, Inc., AMC Valparaiso, Inc., AMC Hammond Inc., AMC Chicago, Inc., Terre Haute Burgers, Inc., Fishers Burgers, Inc., Woodhaven Burgers, Inc., Traverse City Burgers, Inc., Greenwood Burgers, Inc., AMC Bagley, Inc., AMC Bagley Real Estate, Inc., AMC Pinellas Park, Inc., Fort Wayne North Burgers, Inc., Canton Burgers, Inc., AMC Canton Real Estate, Inc., AMC Clearwater, Inc., AMC Oldsmar, Inc., AMC Trinity, Inc., AMC Wesley Chapel Real Estate, Inc., AMC Wesley Chapel, Inc., AMC Hammond Real Estate, Inc., Crown Point Burgers, Inc., Schererville Burgers, Inc., AMC Birch Run, Inc., Birch Run Burgers, Inc., Grand Blanc Burgers, Inc., AMC Royal Oak, Inc., DMM Group, LLC, AMC Adrian, Inc., and any other entity which becomes a borrower hereunder by virtue of the execution of Joinder Agreement or otherwise

Authorized Signature

Date

Authorized Signature (if two signatures required)

Date

EXHIBIT 9.1(v)
JOINDER AGREEMENT AND SECURITY AGREEMENT

THIS JOINDER AGREEMENT ("Agreement") is made effective as of _____, 20__, by and among the borrowing entities identified on Exhibit A attached hereto (jointly and severally, "Borrower"), and Citizens Bank, National Association, a national banking association (together with its successors and assigns, "Lender"). Capitalized terms used but not defined in this Agreement shall have the meanings assigned to such terms in the Amended and Restated Credit Agreement and the Loan Documents identified in the Credit Agreement, as each may be amended from time to time.

Reference is made to: Amended and Restated Credit Agreement dated as of December __, 2015, by and among Borrower and Lender, and any extensions, renewals, amendments, modifications, replacements, or restatements thereof, and substitutions therefor (the "Credit Agreement"), and the Loan Documents identified in such Credit Agreement ("Credit Documents"), including, without limitation, the Term Notes in the original aggregate principal amount of \$56,000,000.00, the Development Line of Credit Notes in the original aggregate principal amount of \$20,000,000.00, the Revolving Line of Credit Notes in the original aggregate principal amount of \$1,000,000.00, and the Swingline Notes (each as defined in the Credit Agreement) as each of the same may be amended from time to time.

Each of the loans or lines of credit identified in the Credit Documents are herein individually or collectively referred to as the "Loan".

In connection with any Loan made pursuant to the Credit Documents, new borrowers may be added to the borrowing group and such new borrowers need to be bound by the terms of the Credit Documents.

The undersigned has had opportunity to review the Credit Documents and understands the contents thereof.

NOW, THEREFORE, by executing this Joinder Agreement, the undersigned hereby agrees to be bound by the terms of the Credit Documents as if it was an original signatory to the Credit Documents, and shall be deemed to be a Borrower under the Credit Agreement and a Borrower under the Credit Documents.

THE undersigned, (together the "Debtors", and each individually a "Debtor") hereby grants to Citizens Bank, National Association (formerly known as Citizens Bank, National Association) ("Citizens") having its principal place of business at 28 State Street, Boston, Massachusetts 02109, as administrative agent (in such capacity, the "Administrative Agent") for the Lenders and the Swingline Lender as defined in the Credit Agreement, a security interest in the Collateral (as hereinafter defined) to secure the payment and performance of all Obligations (as hereinafter defined) of the Debtors, and each of them, to the Administrative Agent, the Lenders and the Swingline Lender. All capitalized terms used in this Security Agreement shall, unless otherwise defined herein, have the same meanings given to such terms in the Credit Agreement, provided, however, that the term "Lenders" used below shall refer to the Lenders (as defined in the Credit Agreement) and the Swingline Lender (as defined in the Credit Agreement).

The Debtors hereby agree with the Administrative Agent and the Lenders as follows:

1. DEFINITIONS. As used herein -

- a.** “Obligations” means (i) the payment, performance and observance of all terms, conditions, covenants, and agreements on the part of the Debtors and each of them to be paid, performed or observed pursuant to the Credit Agreement by and among the Debtors, the other Borrowers (which term shall include all additional parties that become “Borrowers” hereafter under the Credit Agreement), the Administrative Agent and the Lenders, and all promissory notes executed in connection therewith, and (ii) the payment, performance and observance of all other liabilities and obligations of the Debtors and each of them to any of the Administrative Agent and the Lenders of every kind and description, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising and relating to the Loans and the Credit Agreement, including without limitation, all obligations and liabilities of the Debtors and any of them to the Administrative Agent and the Lenders under any swap/hedging transaction or other interest rate protection transaction (including without limitation all obligations, debts, liabilities, covenants and duties of any Loan Party arising under or in connection with any Hedging Contracts or Secured Hedge Agreements entered into with a Lender or any Affiliate of a Lender, including both regularly occurring payments and those due upon termination).
- b.** As used herein, the term “Uniform Commercial Code” means the Massachusetts Uniform Commercial Code, as amended from time to time, except as to matters involving perfection, non-perfection, the effect of perfection, and priority of the security interest granted under this Agreement, as to which “Uniform Commercial Code” means the Uniform Commercial Code, of the state of each Debtor’s organization, as amended from time to time. All of the terms used herein which are defined in the Uniform Commercial Code shall, unless otherwise defined herein, have the same meanings as specified therein, except that “instrument” shall have the meaning as defined in Article 9 of the Uniform Commercial Code.

- c. “Collateral” means any and all personal property and fixtures of each of the Debtors in which the Administrative Agent and the Lenders now have, by this Agreement acquires or hereafter acquires a security interest.

3. SECURITY INTEREST OF ADMINISTRATIVE AGENT AND LENDERS IN COLLATERAL . As security for the payment and performance of all Obligations, the Administrative Agent and the Lenders shall have and each of the Debtors hereby grants to the Administrative Agent and the Lenders a continuing security interest in and pledges and assigns to the Administrative Agent and the Lenders the following property of each of the Debtors, whether such property is now owned or existing or is owned, acquired, or arises hereafter, wherever located, and all proceeds and products thereof: all personal property and fixtures of every kind and nature, including without limitation: all inventory, accounts, securities and other investment property, equipment, goods, instruments, documents of title, policies and certificates of insurance, chattel paper, deposit accounts, supporting obligations, letter-of-credit rights, commercial tort claims, all general intangibles (other than any franchise agreements between any Debtor and any of Buffalo Wild Wings International Inc. or Bagger Dave’s Franchising Corporation and licenses thereunder (each, a “Franchise Agreement”)), (including without limitation, payment intangibles, patents, patent applications, trademarks, trademark applications, trade names, copyrights, copyright applications, software, engineering drawings, service marks, customer lists, goodwill, and all licenses, permits, agreements of any kind or nature pursuant to which any Debtor possesses, uses, or has authority to possess or use property (whether tangible or intangible) of others, or agreements to which others possess, use or have authority to possess or use property (whether tangible or intangible) of any Debtor), all other rights to the payment of money including without limitation any such property received in connection with any disposition of any Franchise Agreement, amounts due from Affiliates, tax refunds, and insurance proceeds, and all recorded data or records of any kind or nature, regardless of the medium of recording, including without limitation all software, writings, plans, specifications and schematics.

4. AUTHORIZATION TO FILE FINANCING STATEMENTS. The Debtors hereby irrevocably authorize the Administrative Agent at any time and from time to time to file, wherever such filing is deemed by the Administrative Agent to be necessary or desirable, any initial financing statements and amendments thereto indicating all or any part of the Collateral and containing any other information required by applicable law or deemed necessary or desirable by the Administrative Agent for the sufficiency or filing office acceptance of any financing statement or amendment. The Debtors each agree to furnish all such information to the Administrative Agent promptly upon request. The Debtors, jointly and severally, also each ratify their authorization for the Administrative Agent to have filed any initial financing statements or amendments thereto if filed prior to the date hereof. The Debtors hereby jointly and severally agree to pay the cost of all such filings.

5. OTHER ACTIONS. Further, to ensure the attachment, perfection and first priority of, and the ability of the Administrative Agent to enforce, the Administrative Agent and Lenders' security interest in the Collateral, the Debtors agree, in each case at the expense of the Debtors, to take the following actions with respect to the following Collateral:

- a. Promissory Notes and Tangible Chattel Paper. If any Debtor shall at any time hold or acquire any promissory notes or tangible chattel paper, such Debtor shall forthwith, in addition to other action required by the Administrative Agent, endorse, assign and deliver the same to the Administrative Agent and the Lenders, accompanied by such instruments of transfer or assignment duly executed in blank as the Administrative Agent may from time to time specify.
- b. Deposit Accounts In Other Institutions. For each deposit account that each Debtor at any time opens or maintains at an institution other than Citizens Bank, National Association, each Debtor shall, at the Administrative Agent's request and option, pursuant to an agreement in form and substance satisfactory to the Administrative Agent, give the Administrative Agent control of such deposit account by either (a) causing the depository bank to agree to comply at any time with instructions from the Administrative Agent to such depository bank directing the disposition of funds from time to time credited to such deposit account, without further consent of the Debtor, or (b) arranging for the Administrative Agent to become the customer of the depository bank with respect to the deposit account, with the Debtor being permitted to withdraw funds from such deposit account, only to the extent authorized by the Administrative Agent from time to time. The provisions of this paragraph shall not apply to (i) any deposit account for which a Debtor, the depository bank and the Administrative Agent have entered into a cash collateral agreement specially negotiated among the Debtor, the depository bank and the Administrative Agent for the specific purpose set forth therein, or (ii) deposit accounts specially and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of the Debtor's salaried employees, to the extent so employed. Each Debtor agrees to promptly notify the Administrative Agent in writing at any time it establishes a deposit account with any institution or terminates any deposit account.
- c. Investment Property. If any Debtor shall at any time hold or acquire any investment property, including without limitation, certificated securities, uncertificated securities, or securities held by such Debtor or its nominee through a securities intermediary or commodity intermediary, such Debtor shall promptly notify the Administrative Agent of such investment property and shall forthwith at the request of the Administrative Agent, take whatever action the Administrative Agent deems necessary or appropriate to give the Administrative Agent control of such investment property, including without limitation, executing and delivering endorsements, assignments, pledge agreements and other agreements in form and substance satisfactory to the Administrative Agent. Debtors will also cause any securities intermediary maintaining a securities account or commodities intermediary maintaining a commodities account to execute such agreements as the Administrative Agent shall from time to time require in order to ensure the Administrative Agent is granted control thereof, and to deliver to the Administrative Agent such agreement, reports, and other documentation as the Administrative Agent shall from time to time require, and Debtors will hold in trust and deliver to the Administrative Agent any investment property received by any of the Debtors, together with any required endorsements.

- d. Collateral in the Possession of a Bailee. If any goods are at any time in the possession of a bailee, the Debtors shall, unless otherwise directed by the Administrative Agent, promptly notify the Administrative Agent thereof and shall send notice to and obtain an acknowledgment from the bailee, in form and substance satisfactory to the Administrative Agent. Such acknowledgment shall state that the bailee holds such Collateral for the benefit of the Administrative Agent and the Lenders and shall act upon the instructions of the Administrative Agent, without the further consent of the Debtor. The Debtor hereby authorizes the Administrative Agent to obtain the acknowledgment directly from any bailee.
- e. Electronic Chattel Paper and Transferable Records; Letter-of-credit Rights; Commercial Tort Claims; Patents, Trademarks and Copyrights. If any of the Debtors at any time (i) hold or acquire an interest in any electronic chattel paper or any “transferable record,” as that term is defined in Section 201 of the federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, (ii) is a beneficiary under a letter-of-credit now or hereafter issued in favor of the Debtor, (iii) holds or acquires a commercial tort claim, or (iv) holds or acquires any rights in any patents, trademarks, or copyrights or applications therefor, then such Debtor shall immediately notify the Administrative Agent in writing of its interest therein, and shall provide such information and take such action as the Administrative Agent shall request in order that the Administrative Agent and the Lenders may perfect its security interest therein.
- f. Government Contracts. Upon the request of the Administrative Agent, each of the Debtors will specifically assign to the Administrative Agent and the Lenders all federal government contracts and will cooperate with the Administrative Agent in giving notice of such assignment pursuant to the federal Assignment of Claims Act. The Debtors will cooperate with the Administrative Agent in providing such further information with respect to contracts with any state, other unit of local government or agency as the Administrative Agent may require and will provide such instruments or take such actions of further assurance with respect to such contracts as the Administrative Agent may require.

- g. Other Actions as to all Collateral. The Debtors further agree to take any other action reasonably requested by the Administrative Agent to ensure the attachment, perfection and first priority of, and the ability of the Administrative Agent and the Lenders to enforce, the Administrative Agent and Lenders' security interest in any and all of the Collateral including, without limitation, (a) executing, delivering and, where appropriate, filing financing statements and amendments relating thereto under the Uniform Commercial Code, as amended from time to time, to the extent, if any, that a Debtor's signature thereon is required therefor, (b) causing the Administrative Agent and the Lenders' name to be noted as secured party on any certificate of title for a titled good or a good capable of being titled if such notation is deemed necessary or appropriate by the Administrative Agent for attachment, perfection or priority of, or ability of the Administrative Agent and the Lenders to enforce, the Administrative Agent and the Lenders' security interest in such Collateral, (c) complying with any provision of any statute, regulation or treaty of the United States or other state or jurisdiction as to any Collateral if compliance with such provision is deemed necessary or appropriate by the Administrative Agent for attachment, perfection or priority of, or ability of the Bank to enforce, the Bank's security interest in such Collateral, (d) obtaining governmental and other third party consents and approvals, including without limitation any consent of any licensor, lessor or other person obligated on Collateral, (e) obtaining waivers from mortgagees and landlords in form and substance satisfactory to the Administrative Agent and (f) taking all actions required by any earlier versions of the Uniform Commercial Code, as amended from time to time.

6. DEBTORS' REPRESENTATIONS, WARRANTIES AND COVENANTS. Each of the Debtors represents, warrants and covenants as follows:

- a. It has previously delivered to the Administrative Agent and the Lenders a certificate signed by the Debtors and entitled "Uniform Commercial Code Questionnaire and Certification" (the "Perfection Certificate").

- b. It is an entity duly organized, existing and in good standing under the laws of its state of organization and is duly qualified and in good standing in every other state in which it is doing business.
- c. Each Debtor covenants with the Administrative Agent and the Lenders as follows: (a) without providing at least thirty (30) days prior written notice to the Administrative Agent, it will not change its name, its place of business or, if more than one, chief executive office, or its mailing address or organizational identification number if it has one, (b) if it does not have an organizational identification number and later obtains one, it shall forthwith notify the Administrative Agent of such organizational identification number, and (c) it will not change its type of organization, jurisdiction of organization or other legal structure. In connection with any such change it will execute and deliver, or cause to be executed and delivered, to the Administrative Agent all such additional security agreements, financing statements and other documents as the Administrative Agent shall reasonably require. This provision shall not be deemed to constitute consent to any change identified above or otherwise prohibited in any agreement between the Debtors and the Administrative Agent and the Lenders.
- d. The execution, delivery and performance hereof are within its company powers, have been duly authorized, are not in contravention of law or the terms of its charter, by-laws or other organization papers, or of any indenture, agreement or undertaking to which it is a party or by which it is bound.
- e. The equipment is not used or bought primarily for personal, family or household purposes and is not used or bought primarily for use in farming operations.
- f. It holds no commercial tort claim except as indicated in the Perfection Certificate.
- g. The Perfection Certificate accurately sets forth the equipment which has been attached or is to be attached to real estate, and accurately provides a description of the real estate.

- h. Each Debtor further covenants with the Administrative Agent and the Lenders as follows: (a) the Collateral will be kept at those locations listed on the Perfection Certificate and it will not remove the Collateral from such locations, without providing at least thirty (30) days prior written notice to the Administrative Agent, (b) except for the security interest herein granted, it shall be the owner of or have other rights in the Collateral free from any lien, security interest or other encumbrance, other than as permitted in the Credit Agreement and other than those otherwise approved in writing by the Administrative Agent, and it shall defend the same against all claims and demands of all persons at any time claiming the same or any interests therein adverse to the Administrative Agent and/or the Lenders, (c) it shall not pledge, mortgage or create, or suffer to exist a security interest in the Collateral in favor of any person other than the Administrative Agent and the Lenders other than as permitted by the Credit Agreement and other than as otherwise approved in writing by the Administrative Agent, (d) it will keep the Collateral in good order and repair and will not use the same in violation of law or any policy of insurance thereon, and will immediately notify the Administrative Agent of any material damage thereto or any material loss or significant diminution of the value thereof, (e) it will permit the Administrative Agent and the Lenders, or their designees, to inspect the Collateral at any reasonable time, wherever located, (f) it will pay promptly when due all taxes, assessments, governmental charges and levies upon the Collateral or incurred in connection with the use or operation of such Collateral or incurred in connection with this Agreement, (g) it has operated and will continue to operate, its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances, and (h) it will not sell or otherwise dispose, or offer to sell or otherwise dispose, of the Collateral or any interest therein except for sales and leases of inventory and licenses of general intangibles in the ordinary course of business, or as permitted by the terms of the Credit Agreement.
- i. Subject to any limitations stated therein or in connection therewith, all balance sheets, earnings statements and other financial data which have been or may hereafter be furnished to the Administrative Agent and the Lenders to induce them to enter into this Agreement or otherwise in connection herewith, do or shall fairly represent the financial condition of such Debtor as of the dates, and the results of its operations, for the periods for which the same are furnished, and all other information, reports and other papers and data furnished to the Administrative Agent or the Lenders are or shall be at the time the same are so furnished accurate and correct in all material respects and complete.
- j. It will pay any excise, sales or other tax or charge which may become due and payable with respect to any sale or other transaction giving rise to an account or other right to the payment of money, or with respect to the collection thereof and shall reimburse the Administrative Agent for any payment by it of any such tax or charge.

- k. To its the knowledge, there are no actions, suits or proceedings, other than as disclosed in writing to the Administrative Agent, pending or, to its knowledge, threatened against it or any Subsidiary, at law or in equity or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality which may result in any material adverse change to its or its Subsidiary's business, properties or assets, or in their condition, financial or otherwise.
- l. No approval or authorization or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery or performance by it of this Agreement or the consummation of the transaction contemplated hereby.
- m. To the extent that it has an employee benefit plan or other plan maintained for its employees or any of its Subsidiaries which is covered by Title IV of the Employee Retirement Income Security Act of 1974, no reportable event, as defined in such Act, has occurred and is continuing with respect to any such employee benefit plan. It will not incur any liability to the Pension Benefit Guaranty Corporation ("PBGC") established under ERISA in connection with any pension plan (or other class of employee benefit which the PBGC has elected to insure) established or maintained by it; nor allow any circumstance to arise which would permit PBGC to institute proceedings to terminate any such pension plan; nor permit any pension plan maintained by it to: (a) engage in any "prohibited transaction" as such term is defined in Section 4975 of the Internal Revenue Code of 1954, as amended, or (b) incur any "accumulated funding deficiency" as such term is defined in Section 302 of ERISA, whether or not waived.
- n. Until the occurrence of an Event of Default, it may have possession of the Collateral and use it in any lawful manner not inconsistent with this Agreement and not inconsistent with any policy of insurance thereon.
- o. Without the prior written consent of the Administrative Agent, it will not grant any allowances, adjustments or discounts (except customary cash discounts or normal returns in the ordinary course of business) or enter into any agreement or take any other action with respect thereto except as directed or approved by the Administrative Agent.
- p. It shall furnish the Administrative Agent with such reports concerning the Collateral as the Administrative Agent shall reasonably request from time to time, such reports to be in form satisfactory to the Administrative agent in its reasonable discretion.

7. COLLATERAL PROTECTION EXPENSES; PRESERVATION OF COLLATERAL .

- a. Expenses Incurred by Administrative Agent and the Lenders . In their discretion, the Administrative Agent and the Lenders may discharge taxes, liens, security interests and other encumbrances at any time levied or placed on any of the Collateral, may pay for insurance on the Collateral, may pay for the maintenance and preservation of the Collateral, may pay for credit enhancements to insure the Administrative Agent and the Lenders against risks of loss or disposition of Collateral or to provide to the Administrative Agent and the Lenders a guaranteed return from the collection or disposition of Collateral, make repairs thereto and pay any necessary filing fees. Debtors agree, jointly and severally, to reimburse the Administrative Agent and the Lenders on demand for any payment made or any expense incurred by the Administrative Agent or the Lenders pursuant to the foregoing authorization. The Administrative Agent and the Lenders shall have no obligation to the Debtors to make any such expenditures, nor shall the making thereof relieve any of the Debtors of any default.

- b. Obligations and Duties of the Administrative Agent and the Lenders . Anything herein to the contrary notwithstanding, the Debtors shall remain liable under each contract or agreement comprised in the Collateral to be observed or performed by the Debtors or any of them thereunder. The Administrative Agent and the Lenders shall not have any obligation or liability under any such contract or agreement by reason of or arising out of this Agreement or the receipt by the Administrative Agent and/or the Lenders of any payment relating to any of the Collateral, nor shall the Administrative Agent and the Lenders be obligated in any manner to perform any of the obligations of any of the Debtors under or pursuant to any such contract or agreement, to make inquiry as to the nature or sufficiency of any payment received by the Administrative Agent or the Lenders in respect of the Collateral or as to the sufficiency of any performance by any party under any such contract or agreement, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to the Administrative Agent and the Lenders or to which the Administrative Agent and the Lenders may be entitled at any time or times. The Administrative Agent and the Lenders' sole duty with respect to the custody, safe keeping and physical preservation of the Collateral in its possession, under the Uniform Commercial Code, as amended from time to time, or otherwise, shall be to deal with such Collateral in the same manner as the Administrative Agent and/or the Lenders deal with similar property for their own account.

8. PROMISES TO PAY. The Debtors, jointly and severally, promise to pay to the Administrative Agent and the Lenders on demand all taxes, charges and expenses of every kind or description including reasonable attorneys' fees, disbursements and expenses of litigation, reasonably incurred or expended by any of them in connection with or in any way related to their relationship with the Debtors, whether hereunder or otherwise, including without limitation those incurred or expended in connection with the preparation of this Agreement or any amendment hereof, the collection or sale or attempted collection or sale of accounts or Obligations, the supervision, protection and collection of and realization upon any Collateral, and the protection or enforcement of their rights hereunder. The Debtors authorize the Administrative Agent and the Lenders to charge the interest, charges, taxes, and expenses provided for herein to any deposit account maintained by any of the Debtors with the Administrative Agent or the Lenders. Until paid, all amounts due and payable by the Debtors hereunder shall be a debt secured by the Collateral and shall bear, whether before or after judgment, interest at the rate of fifteen percent (15%) per annum. **9. INSURANCE ; INSPECTION OF RECORDS; FURTHER ASSURANCES.**

- a. The Debtors will maintain with financially sound and reputable insurers insurance with respect to its properties and business against such casualties and contingencies as shall be in accordance with general practices of businesses engaged in similar activities in similar geographic areas. Such insurance shall be in such minimum amounts that any Debtor will not be deemed a co-insurer under applicable insurance laws, regulations and policies and otherwise shall be in such amounts, contain such terms, be in such forms and be for such periods as may be reasonably satisfactory to the Administrative Agent. In addition, all such insurance shall be payable to the Administrative Agent and the Lenders as loss payee (with a lender's loss payable endorsement) under a standard loss payee clause. Without limiting the foregoing, the Debtors will each (i) keep all of its physical property insured with casualty or physical hazard insurance on an "all risks" basis, with broad form flood and earthquake coverages and electronic data processing coverage, with a full replacement cost endorsement and an "agreed amount" clause in an amount equal to 100% of the full replacement cost of such property, (ii) maintain all such workers' compensation or similar insurance as may be required by law and (iii) maintain, in amounts and with deductibles comparable to those generally maintained by businesses engaged in similar activities in similar geographic areas, general public liability insurance against claims of bodily injury, death or property damage occurring, on, in or about the properties of each Debtor; business interruption insurance; and product liability insurance. All policies of insurance shall provide for thirty (30) days written minimum cancellation notice to the Administrative Agent. In the event of failure to provide and maintain insurance as herein provided the Administrative Agent may, at its option, provide such insurance and charge the amount thereof to any deposit account maintained by any of the Debtors with the Administrative Agent or any of the Lenders. The Debtors shall furnish to the Administrative Agent certificates or other evidence satisfactory to the Administrative Agent of compliance with the foregoing insurance provisions.

The proceeds of any casualty insurance in respect of any casualty loss of any of the Collateral shall be dealt with as provided in the Credit Agreement.

- b. The Debtors shall at all reasonable times and from time to time allow the Administrative Agent and the Lenders, by or through any of their officers, agents, attorneys or accountants, to examine, inspect or make extracts from each of the Debtors' books and records, and those of any related company, and to arrange for verification of accounts, under reasonable procedures, directly with account debtors or by other methods, and shall do, make, execute and deliver all such additional and further acts, things, deeds, assurances, and instruments as the Administrative Agent may require more completely to vest in and assure to the Administrative Agent and the Lenders their rights hereunder or in any Collateral and to carry into effect the provisions and intent of this Agreement.

10. COLLECTION OF ACCOUNTS OR OTHER COLLATERAL.

- a. Until the Administrative Agent requests that debtors on accounts or other Collateral of the Debtors, or any of them, be notified of the Administrative Agent and the Lenders' security interest, the Debtors shall continue to collect them.
- b. The Debtors shall, at the request of the Administrative Agent, notify the account debtors and other persons obligated on any of the Collateral of the security interest of the Administrative Agent and the Lenders in any account or other Collateral and that payment thereof is to be made directly to the Administrative Agent, and the Administrative Agent may itself at any such time, without notice to or demand upon the Debtors, so notify account debtors.
- c. The Administrative Agent may also request that the Debtors hold the proceeds received from collection of Collateral as trustee for the Administrative Agent and the Lenders without commingling the same with other funds of the Debtors and shall turn the same over to the Administrative Agent, or to such bank as may be approved by the Administrative Agent, immediately upon receipt in the identical form received. The making of such a request or the giving of any such notification under Section 9.1 hereof, shall not affect the duties of the Debtors described above with respect to proceeds of collection of accounts received by the Debtors, or any of them.

- d. The Administrative Agent shall credit the proceeds of collection of accounts received by the Administrative Agent to the Obligations, such credits to be entered as of the third business day after receipt thereof by the Administrative Agent. Such credits shall be conditional upon final payment in cash or credits of the items giving rise to them. If any item is not so paid, the Administrative Agent, in its discretion, whether or not the item is returned, may either reverse any credit given for the item or charge it to any deposit account maintained by any Debtor with the Administrative Agent.

11. EVENTS OF DEFAULT. The Debtors shall be in default under this Agreement upon the happening of any “Event of Default” under the Credit Agreement, as the same may be amended, modified, extended or renewed.

12. DISPOSITION OF COLLATERAL

- a. Upon the occurrence of any Event of Default and at any time thereafter (such default not having been cured), the Administrative Agent and the Lenders shall have the right to take immediate possession of the Collateral, and for that purpose the Administrative Agent may, so far as the Debtors, or any of them as applicable, can give authority therefor, enter upon any premises on which Collateral may be situated and remove the same therefrom. The Administrative Agent may in its discretion require the Debtors to assemble all or any part of the Collateral at such location or locations as the Administrative Agent may reasonably designate. Each of the Debtors waives demand and notice with respect to and assents to any repossession of Collateral. Except for Collateral which is perishable or threatens to decline speedily in value or which is of a type customarily sold on a recognized market, the Administrative Agent shall give to the applicable Debtor at least ten (10) days’ prior written notice of the time and place of any public sale of Collateral or of the time after which any private sale of any other intended disposition is to be made. The Administrative Agent and the Lenders shall also have in any jurisdiction where enforcement hereof is sought, in addition to all other rights and remedies, the rights and remedies of a secured party under the applicable Uniform Commercial Code, as amended from time to time. The residue of any proceeds of collection or sale, after satisfying all Obligations in such order of preference as the Administrative Agent may determine and making proper allowance for interest on Obligations not then due, and after making any payments required by the applicable Uniform Commercial Code, as amended from time to time, shall be credited to any deposit account maintained by any Debtor with the Administrative Agent. The Debtors shall remain jointly and severally liable for any deficiency. The Debtors each hereby waive any and all rights that each may have to a judicial hearing in advance of the enforcement of any of the Administrative Agent and the Lenders’ rights hereunder, including, without limitation, its right following an Event of Default to take immediate possession of the Collateral and to exercise its rights with respect thereto.

- b. The Administrative Agent may at any time in its discretion transfer any securities or other property constituting Collateral into its own name or that of its nominee and receive the income thereon and hold the same as security for Obligations or apply it on principal or interest due on Obligations. Insofar as Collateral shall consist of accounts, general intangibles, other claims and rights to the payment of money, insurance policies, instruments, chattel paper, choses in action or the like, the Administrative Agent may, without notice to or demand on the Debtors, demand, collect, receipt for, settle, compromise, adjust, use, sue for, foreclose or realize upon Collateral as the Administrative Agent may determine, whether or not Obligations or Collateral are then due and for the purpose of realizing the Administrative Agent and the Lenders' rights therein, the Administrative Agent may receive, open and dispose of mail addressed to the Debtor and endorse notes, checks, drafts, money orders, documents of title or other evidences of payment, shipment or storage or any form of Collateral on behalf of and in the name of any of the Debtors. The powers conferred on the Administrative Agent by this Section are solely to protect the interest of the Administrative Agent and the Lenders and shall not impose any duties on the Administrative Agent or the Lenders to exercise any powers.
- c. The Administrative Agent and the Lenders shall not be required to marshal any present or future collateral security (including but not limited to this Agreement and the Collateral) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of its rights hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may, the Debtors hereby agree that they will not invoke, jointly or individually, any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of the Administrative Agent and the Lenders' rights under this Agreement or under any other instrument creating or evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, the Debtors hereby irrevocably waive the benefits of all such laws.

13. STANDARDS FOR EXERCISING REMEDIES. To the extent that applicable law imposes duties on the Administrative Agent and the Lenders to exercise remedies in a commercially reasonable manner, the Debtors acknowledge and agree that it is not commercially unreasonable for the Administrative Agent or the Lenders (a) to fail to incur expenses reasonably deemed significant by the Administrative Agent to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (b) to fail to obtain third party consents for access to Collateral to be disposed of, or to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) to fail to exercise collection remedies against account debtors or other persons obligated on Collateral or to remove liens or encumbrances on or any adverse claims against Collateral, (d) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other persons, whether or not in the same business as any of the Debtors, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature, (h) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, (k) to purchase reasonable insurance or credit enhancements at the cost of the Debtors to insure the Administrative Agent and the Lenders against risks of loss, collection or disposition of Collateral or to provide to the Administrative Agent and the Lenders a guaranteed return from the collection or disposition of Collateral, or (l) to the extent deemed appropriate by the Administrative Agent, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Administrative Agent in the collection or disposition of any of the Collateral. The Debtors acknowledge that the purpose of this Section 12 is to provide non-exhaustive indications of what actions or omissions by the Administrative Agent or the Lenders would not be commercially unreasonable in the exercise of remedies against the Collateral and that other actions or omissions by the Administrative Agent or the Lenders shall not be deemed commercially unreasonable solely on account of not being indicated in this Section 12. Without limitation upon the foregoing, nothing contained in this Section 12 shall be construed to grant any rights to any of the Debtors or to impose any duties on the Administrative Agent or the Lenders that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section 12.

14. POWER OF ATTORNEY. The Debtors hereby each irrevocably constitute and appoint the Administrative Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of each of the Debtors or in the Administrative Agent's own name, for the purpose of carrying out the terms of this Agreement, to take any and all action that the Administrative Agent deems necessary or desirable and to execute any and all documents and instruments that the Administrative Agent deems necessary or desirable to accomplish the purposes of this Agreement. The powers conferred on the Administrative Agent hereunder are solely to protect its interests and the interests of the Lenders in the Collateral and shall not impose any duty upon it to exercise any such powers. The Administrative Agent shall be accountable only for the amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to the Debtors or any of them for any act or failure to act, except for the Administrative Agent's own gross negligence or willful misconduct.

15. SET OFF. Any deposits or other sums at any time credited by or due from the Administrative Agent or the Lenders to any of the Debtors or any guarantors, and any securities or other property of any of the Debtors at any time in the possession of the Administrative Agent or any of the Lenders may at all times be held and treated as collateral for the payment of the Obligations. Regardless of the adequacy of collateral, the Administrative Agent and the Lenders may apply or set off such deposits or other sums (other than against payroll accounts which by law may not be set off against by the Administrative Agent or the Lenders) against such obligations at any time in the case of the Debtors but only with respect to matured obligations in the case of guarantors thereof.

16. WAIVERS. The Debtors each waive demand, notice, protest, notice of acceptance of this Agreement, notice of loans made, credit extended, Collateral received, delivered or repossessed or other action taken in reliance hereon, and all other demands and notices of any description, except for notices that the Administrative Agent and the Lenders have agreed to provide pursuant to the Credit Agreement, this Agreement and/or any other Loan Document. With respect to both Obligations and Collateral, the Debtors assent to any extension or postponement of the time of payment or other indulgence, to any substitution, exchange or release of or failure to perfect any security interest in any Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payments thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as the Administrative Agent may deem advisable. The Administrative Agent and the Lenders may exercise their rights with respect to Collateral without resorting or regard to other collateral or sources of reimbursement for Obligations. The Administrative Agent and the Lenders shall not be deemed to have waived any of their rights upon or under Obligations or Collateral unless such waiver be in writing and signed by the Administrative Agent. No delay or omission on the part of the Administrative Agent and the Lenders in exercising any other right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right on any future occasion. All rights and remedies of the Administrative Agent and the Lenders on Obligations or Collateral, whether evidenced hereby or by any other instrument or papers, shall be cumulative and may be exercised separately or concurrently. The Administrative Agent and the Lenders shall have no duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto beyond the safe custody thereof as set forth in Section 6.2. The Debtors each together and separately further waive any and all other surety defenses and all other defenses in the nature thereof.

17. GENERAL. If at any time or times by assignment or otherwise, the Administrative Agent or any of the Lenders transfers any Obligation and collateral therefor, such transfer shall carry with it such party's powers and rights under this Agreement with respect to the Obligation and collateral transferred and the transferee shall become vested with said powers and rights whether or not they are specifically referred to in the transfer. The Debtors or the Administrative Agent may terminate this Agreement at any time upon written notice to the other party of such termination, provided, however, that such termination shall in no way affect any transactions entered into or rights created or obligations incurred prior to the receipt of such notice by the other party, as to which transactions, rights and obligations this Agreement shall be fully operative until the same are fully disposed of, concluded or liquidated. Prior to such termination this shall be a continuing agreement in every respect. This Agreement shall be effective as a sealed instrument when it is received at the head office of the Administrative Agent in Boston, Massachusetts, and it and all rights and obligations under it, including matters of construction, validity and performance, shall be governed by the laws of Massachusetts. No amendment, modification or waiver of any provision of this Agreement shall be effective unless in writing and signed and delivered by the Administrative Agent.

18. NOTICES. Any notice or demand which by any provision of this Agreement is required or provided to be given shall be deemed to have been sufficiently given if given in accordance with Section 19.13 of the Credit Agreement.

19. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective executors, administrators, successors and assigns. Administrative Agent has been appointed to act as Administrative Agent hereunder by the other Lenders. Administrative Agent shall have the right hereunder to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking any action in accordance with the terms of the Credit Agreement, any related agency agreement among Administrative Agent and the other Lenders (collectively, as amended, amended and restated, supplemented or otherwise modified or replaced from time to time, the “ Agency Documents ”) and this Agreement. Debtors and all other Persons shall be entitled to rely on releases, waivers, consents, approvals, notifications and other acts of the Administrative Agent, without inquiry into the existence of required consents or approvals of the Lenders therefor. The Administrative agent shall at all times be the same Person that is Agent under the Agency Documents. Written notice of resignation by the Administrative Agent pursuant to the Agency Documents shall also constitute notice of resignation as Administrative Agent under this Agreement. Removal of the Administrative Agent pursuant to any provision of the Agency Documents shall also constitute removal as the Administrative Agent under this Agreement. Appointment of a successor Administrative Agent pursuant to the Agency Documents shall also constitute appointment of a successor Administrative Agent under this Agreement. Upon the acceptance of any appointment as Administrative Agent by a successor Administrative Agent under the Agency Documents, that successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed Administrative Agent as the Administrative Agent under this Agreement, and the retiring or removed Administrative Agent shall promptly (i) assign and transfer to such successor Administrative Agent all of its right, title and interest in and to this Agreement and the Collateral secured herein, and (ii) execute and deliver to such successor Administrative Agent such assignments and amendments and take such other actions, as may be necessary or appropriate in connection with the assignment to such successor Administrative Agent of the liens and security interests created hereunder, whereupon such retiring or removed Administrative Agent shall be discharged from its duties and obligations under this Agreement. After any retiring or removed Administrative Agent’s resignation or removal hereunder as Administrative Agent, the provisions of this Agreement and the Agency Documents shall inure to its benefit as to any actions taken or omitted to be taken by it under this Mortgage while it was the Administrative Agent hereunder.

20. SEVERABILITY. In case any one or more provisions of this Agreement shall be found by a court or other tribunal of competent jurisdiction to be invalid or unenforceable for any reason or in any respect or circumstance, such invalidity or unenforceability shall not limit or impair the validity or enforcement of any other provision hereof or affect the validity or enforcement of the provisions of this Agreement under any other circumstances.

21. WAIVER OF JURY TRIAL AND SPECIAL DAMAGES. THE PARTIES HERETO HEREBY WAIVE, TO THE EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER OF ANY KIND WHATSOEVER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT, ANY DOCUMENT RELATED HERETO OR THE RELATIONSHIPS ESTABLISHED HEREUNDER OR THEREUNDER. Except as prohibited by law, the Debtors each hereby waive any right which each may have to claim or recover in any litigation referred to in the preceding sentence any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. The Debtors each (i) certify that neither the Administrative Agent nor any of the Lenders nor any of their representatives, agents or attorneys has represented, expressly or otherwise, that the Administrative Agent and the Lenders would not, in the event of litigation, seek to enforce the foregoing waivers and (ii) acknowledges that, in extending credit or other accommodations to the Debtors, the Administrative Agent and the Lenders are relying upon, among other things, the waivers and certifications contained in this Section 20.

22. GOVERNING LAWS AND CONSENT TO JURISDICTION. THIS AGREEMENT IS INTENDED TO TAKE EFFECT AS A SEALED INSTRUMENT AND SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS. The Debtors agree that any suit for the enforcement of this Agreement may be brought in the courts of the Commonwealth of Massachusetts or any Federal Court sitting therein and consents to the non-exclusive jurisdiction of such court and to service of process in any such suit being made upon the Debtors by mail at the address specified herein. The Debtors hereby waive any objection that each may now or hereafter have to the venue of any such suit or any such court or based on such suit having been brought in an inconvenient court.

23. SECTION HEADINGS. The headings of each section of this Agreement are for convenience only and shall not define or limit the provisions thereof.

(signature page to follow)

IN WITNESS WHEREOF, the undersigned has executed this Joinder Agreement as of the date first above written.

(Company Name)
a (State) corporation

By: _____
Name:
Its:

Each of the undersigned guarantors (each, a "Guarantor") under the Loan hereby acknowledges and agrees to the addition of the above-identified entity as a Borrower under the Credit Documents and a Borrower under the Credit Agreement and further agrees to guaranty the obligations of such Borrower.

DIVERSIFIED RESTAURANT HOLDINGS, INC.,
a Nevada corporation

AMC GROUP, INC., AMC WINGS, INC., AMC BURGERS, INC.,
BAGGER DAVE'S FRANCHISING CORPORATION, AMC REAL ESTATE, INC.

each, a Michigan

By: _____
Name:
Title:

~ Signature page to Security Agreement ~

CITIZENS BANK, NATIONAL ASSOCIATION
(FORMERLY KNOWN AS RBS CITIZENS, NATIONAL ASSOCIATION)
As Administrative Agent, Lender and Swingline Lender

By: _____

[No further text on this page.]

EXHIBIT A

AMC Adrian, Inc.
AMC Bagley, Inc.
AMC Bagley Real Estate, Inc.
AMC Birch Run, Inc.
AMC Calumet City, Inc.
AMC Canton Real Estate, Inc.
AMC Chesterfield, Inc.
AMC Chicago, Inc.
AMC Clearwater, Inc.
AMC Crown Point, Inc.
AMC Detroit, Inc.
AMC Flint, Inc.
AMC Ft. Myers, Inc.
AMC Grand Blanc, Inc.
AMC Hammond Inc.
AMC Hammond Real Estate, Inc.
AMC Hobart, Inc.
AMC Homewood, Inc.
AMC Lakeland, Inc.
AMC Lansing, Inc.
AMC Lapeer, Inc.
AMC Largo, Inc.
AMC Marquette, Inc.
AMC North Port, Inc.
AMC Oldsmar, Inc.
AMC Petoskey, Inc.
AMC Pinellas Park, Inc.
AMC Port Huron, Inc.
AMC Riverview, Inc.
AMC Royal Oak, Inc.
AMC Sarasota, Inc.
AMC Sault Ste. Marie, Inc.
AMC Schererville, Inc.
AMC Traverse City, Inc.
AMC Trinity, Inc.
AMC Troy, Inc.
AMC Valparaiso, Inc.
AMC Warren, LLC
AMC Wesley Chapel, Inc.
AMC Wesley Chapel Real Estate, Inc.
AMC Ybor, Inc.

Anker, Inc.
Ann Arbor Burgers, Inc.
Ansley Group, L.L.C.
Avon Burgers, Inc.
Bearcat Enterprises, Inc.
Berkley Burgers, Inc.
Birch Run Burgers, Inc.
Bloomfield Burgers, Inc.
Brighton Burgers, Inc.
Buckeye Group, LLC
Buckeye Group II, LLC,
Canton Burgers, Inc.
Cascade Burgers, Inc.
Cascade Burgers Real Estate, Inc.
Chesterfield Township Burgers, Inc. Crown Point Burgers Inc.
Detroit Burgers, Inc.
DMM Group, LLC
East Lansing Burgers, Inc.
Fishers Burgers, Inc.
Fort Wayne North Burgers, Inc.
Flyer Enterprises, Inc.
Grand Blanc Burgers, Inc.
Grand Rapids Burgers, Inc.
Grandville Burgers, Inc.
Greenwood Burgers, Inc.
Holland Burgers, Inc.
Indy/Michigan Road Inc.
MCA Enterprises Brandon, Inc.
Schererville Burgers, Inc.
Shelby Township Burgers, Inc.
Terre Haute Burgers, Inc.
TMA Enterprises of Ferndale, LLC
TMA Enterprises of NOVI, Inc.
Traverse City Burgers, Inc.
Troy Burgers, Inc.
Westfield Burgers, Inc.
Woodhaven Burgers, Inc.

EXHIBIT 11.4
COVENANT COMPLIANCE CERTIFICATE

FORM OF COMPLIANCE CERTIFICATE

Statement Date: _____

To: Citizens Bank, National Association, as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Amended and Restated Credit Agreement, dated as of December __, 2014 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the “Agreement”; the terms defined therein being used herein as therein defined), among Flyer Enterprises, Inc., Anker, Inc., TMA Enterprises of Novi, Inc., AMC Grand Blanc, Inc., AMC Petoskey, Inc., AMC Troy, Inc., AMC Flint, Inc., AMC Port Huron, Inc., AMC Chesterfield, Inc., AMC Marquette, Inc., MCA Enterprises Brandon, Inc., AMC North Port, Inc., AMC Riverview, Inc., Berkley Burgers, Inc., Troy Burgers, Inc., Ann Arbor Burgers, Inc., AMC Traverse City, Inc., Brighton Burgers, Inc., Cascade Burgers Real Estate, Inc., Cascade Burgers, Inc., East Lansing Burgers, Inc., Bearcat Enterprises, Inc., Chesterfield Township Burgers, Inc., Detroit Burgers, Inc., Grand Rapids Burgers, Inc., AMC Sault Ste. Marie, Inc., AMC Lapeer, Inc., TMA Enterprises of Ferndale, LLC, AMC Warren, LLC, Buckeye Group, LLC, Buckeye Group II, LLC, AMC Lakeland, Inc., AMC Sarasota, Inc., AMC Ft. Myers, Inc., AMC Ybor, Inc., Shelby Township Burgers, Inc., AMC Detroit, Inc., AMC Largo, Inc., Bloomfield Burgers, Inc., Holland Burgers, Inc., Grandville Burgers, Inc., Ansley Group, L.L.C., Indy/Michigan Road Inc., Avon Burgers, Inc., Westfield Burgers, Inc., AMC Calumet City, Inc., AMC Homewood, Inc., AMC Lansing, Inc., AMC Crown Point, Inc., AMC Hobart, Inc., AMC Schererville, Inc., AMC Valparaiso, Inc., AMC Hammond Inc., AMC Chicago, Inc., Terre Haute Burgers, Inc., Fishers Burgers, Inc., Woodhaven Burgers, Inc., Traverse City Burgers, Inc., Greenwood Burgers, Inc., AMC Bagley, Inc., AMC Bagley Real Estate, Inc., AMC Pinellas Park, Inc., Fort Wayne North Burgers, Inc., Canton Burgers, Inc., AMC Canton Real Estate, Inc., AMC Clearwater, Inc., AMC Oldsmar, Inc., AMC Trinity, Inc., AMC Wesley Chapel Real Estate, Inc., AMC Wesley Chapel, Inc., AMC Hammond Real Estate, Inc., Crown Point Burgers, Inc., Schererville Burgers, Inc., AMC Birch Run, Inc., Birch Run Burgers, Inc., Grand Blanc Burgers, Inc., AMC Royal Oak, Inc., DMM Group, LLC, and AMC Adrian, Inc., and each other Loan Party that becomes a Borrower under the Agreement from time to time (collectively, the “Borrowers”), the Lenders from time to time party thereto, and Citizens Bank, National Association, as Administrative Agent and Swing Line Lender.

The undersigned Authorized Representative hereby certifies as of the date hereof that he is the Treasurer of each of the Loan Parties, and that, as such, he is authorized to execute and deliver this Certificate to the Administrative Agent on the behalf of each of the Loan Parties, and that:

1. Attached hereto as Schedule 1 are the (i) ___ Audited Financial Statements required by Section 11.4(a) of the Agreement, or (ii) ___ balance sheets and income statements required by Section 11.4(c) of the Agreement for the fiscal ___ year, ___ quarter of the Loan Parties as of the above date. Such financial information fairly presents the financial condition, results of operations and cash flows of the Loan Parties in accordance with GAAP as at such date and for such period.

2. The undersigned has reviewed and is familiar with the terms of the Agreement and has made, or has caused to be made under his supervision, a detailed review of the transactions and condition (financial or otherwise) of the Loan Parties during the accounting period covered by the attached financial statements.

3. A review of the activities of the Loan Parties during such fiscal period has been made under the supervision of the undersigned with a view to determining whether during such fiscal period the Loan Parties performed and observed all of their respective Obligations under the Loan Documents, and to the best knowledge of the undersigned during such fiscal period, the Loan Parties performed and observed each covenant and condition of the Loan Documents applicable to each.

4. The representations and warranties of the Borrowers and Guarantors contained in Section 10 of the Agreement, or which are contained in any document furnished at any time under or in connection with the Loan Documents, are true and correct on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date.

5. The financial covenant analyses and information set forth on Schedule 2 attached hereto are true and accurate on and as of the date of this Certificate.

IN WITNESS WHEREOF, the undersigned has executed the certificate as a sealed instrument this ___ day of December, 2014.

AMC Adrian, Inc.
AMC Burgers, Inc.
Bagger Dave's Franchising Corporation
AMC Wings, Inc.
AMC Group, Inc.
AMC Real Estate, Inc.
Diversified Restaurant Holdings, Inc.
AMC Bagley, Inc.
AMC Bagley Real Estate, Inc.
AMC Birch Run, Inc.
AMC Calumet City, Inc.
AMC Canton Real Estate, Inc.
AMC Chesterfield, Inc.
AMC Chicago, Inc.
AMC Clearwater, Inc.
AMC Crown Point, Inc.
AMC Detroit, Inc.
AMC Flint, Inc.
AMC Ft. Myers, Inc.
AMC Grand Blanc, Inc.
AMC Hammond Inc.
AMC Hammond Real Estate, Inc.
AMC Hobart, Inc.
AMC Homewood, Inc.
AMC Lakeland, Inc.
AMC Lansing, Inc.
AMC Lapeer, Inc.
AMC Largo, Inc.
AMC Marquette, Inc.
AMC North Port, Inc.
AMC Oldsmar, Inc.
AMC Petoskey, Inc.
AMC Pinellas Park, Inc.
AMC Port Huron, Inc.
AMC Riverview, Inc.
AMC Royal Oak, Inc.
AMC Sarasota, Inc.
AMC Sault Ste. Marie, Inc.
AMC Schererville, Inc.
AMC Traverse City, Inc.
AMC Trinity, Inc.
AMC Troy, Inc.
AMC Valparaiso, Inc.
AMC Warren, LLC
AMC Wesley Chapel, Inc.

AMC Wesley Chapel Real Estate, Inc.
AMC Ybor, Inc.
Anker, Inc.
Ann Arbor Burgers, Inc.
Ansley Group, L.L.C.
Avon Burgers, Inc.
Bearcat Enterprises, Inc.
Berkley Burgers, Inc.
Birch Run Burgers, Inc.
Bloomfield Burgers, Inc.
Brighton Burgers, Inc.
Buckeye Group, LLC
Buckeye Group II, LLC,
Canton Burgers, Inc.
Cascade Burgers, Inc.
Cascade Burgers Real Estate, Inc.
Chesterfield Township Burgers, Inc.
Crown Point Burgers Inc.
Detroit Burgers, Inc.
DMM Group, LLC
East Lansing Burgers, Inc.
Fishers Burgers, Inc.
Fort Wayne North Burgers, Inc.
Flyer Enterprises, Inc.
Grand Blanc Burgers, Inc.
Grand Rapids Burgers, Inc.
Grandville Burgers, Inc.
Greenwood Burgers, Inc.
Holland Burgers, Inc.
Indy/Michigan Road Inc.
MCA Enterprises Brandon, Inc.
Schererville Burgers, Inc.
Shelby Township Burgers, Inc.
Terre Haute Burgers, Inc.
TMA Enterprises of Ferndale, LLC
TMA Enterprises of NOVI, Inc.
Traverse City Burgers, Inc.
Troy Burgers, Inc.
Westfield Burgers, Inc.
Woodhaven Burgers, Inc.

By: _____
David G. Burke, Treasurer of each
of the above listed entities

For the Quarter/Year Ended: _____ (the "Statement Date")

SCHEDULE 2
To the Compliance Certificate

**CONSOLIDATED LOAN PARTIES'
DEBT SERVICE COVERAGE RATIO**

I. CONSOLIDATED LOAN PARTIES' EBITDA

A. Net Income for the last four (4) fiscal periods ended on the statement date \$ _____

B. Additions (to the extent deducted in calculating Net Income):

1. Amortization and Depreciation \$ _____

2. Interest Expense \$ _____

3. Non-Cash Losses \$ _____

4. Federal, state, local and foreign income taxes (and Franchise taxes in nature of income tax) payable: \$ _____

5. Extraordinary and Non-recurring Losses \$ _____

6. Total Additions (Lines I.B.1 + 2 + 3 + 4 + 5) \$ _____

C. Subtractions (to the extent included in calculating Net Income):

1. Federal, state, local and foreign income tax credits: \$ _____

2. Non-Cash Gains \$ _____

- 3. Cash Capital Gains \$_____
- 4. Extraordinary and Non-recurring Gains \$_____
- 5. Total Subtractions (Lines I.C.1 + 2 +3 + 4) \$_____

D. Total EBITDA (Line I.A + I.B.6 – I.C.5) \$_____

II. NUMERATOR FOR DEBT SERVICE COVERAGE RATIO

- A. Cash taxes paid \$_____
- B. Pre-Opening Expense \$_____
- C. Maintenance Capital Expenditures (\$10,000 per store) \$_____
- D. Distributions \$_____
- E. Net change in the amount of stockholder/member/intercompany notes due to or due from the Loan Parties (1) \$_____

- 1. For purposes of calculating the net increase or decrease in the amount of stockholder/member/intercompany notes, the aggregate amount of such intercompany obligations of the Loan Parties for the period being measured shall be compared with the aggregate amount of intercompany obligations of the Loan Parties on the basis of the last four (4) fiscal quarters of the Loan Parties immediately preceding the period being measured. Any net increase due to the Loan Parties or net decrease due from the Loan Parties shall be added to the numerator in the above ratio; and any net increase due from the Loan Parties or net decrease due to the Loan Parties shall be subtracted from the numerator in the above ratio.

F. Numerator for Debt Service Coverage Ratio Calculation (Line I.D. - II.A. + II.B. - II.C. - II.D (+/-) II.E) \$_____

III. DENOMINATOR FOR DEBT SERVICE COVERAGE RATIO

Principal

Interest

Total

A. Debt Service

(Interest Expense and Scheduled Principal on Long Term Debt) \$_____

B. Current portion of Capital Lease obligations \$_____

C. Denominator for Debt Service Coverage Ratio (Lines III.A + III.B) \$_____

CONSOLIDATED LOAN PARTIES' DEBT SERVICE COVERAGE RATIO

Line II.F divided by Line III.C _____

Minimum Required: 1.20 to 1.0

CONSOLIDATED LOAN PARTIES' LEASE ADJUSTED LEVERAGE RATIO

I. CONSOLIDATED LOAN PARTIES' FUNDED DEBT

A. Current and long term Obligations (including Capital Leases) \$_____

B. New Unit Development to the Loan Parties' Funded Debt for Funded Debt incurred in connection with the development of a New Unit*

1. Restaurant number and location

2. Indebtedness outstanding against such Restaurant

3. Number of months (round up partial months) during which such Restaurant was open for business during the applicable measurement period

4. New Unit Adjustment: $1 - (\text{Line I.B.3 divided by } 12) \times \text{Line I.B.2}$

** Repeat for each Restaurant opened during such measurement period*

C. Total New Unit Adjustment amount (sum of all new Unit Adjustments): \$_____

D. Funded Debt (Line I.A.- I.C) \$_____

II. CONSOLIDATED LOAN PARTIES' AND RENT EXPENSE TIMES EIGHT (8)

A. Third Party Rent: \$_____

B. Line II.A multiplied by 8: \$_____

III. DENOMINATOR of LOAN PARTIES' LEASE ADJUSTED LEVERAGE RATIO

- A. EBITDA (from Line I.D of the calculation of Loan Parties' Debt Service Charge Ratio above): \$_____
- B. Pre-Opening Expense (from Line II.B of the calculation of Loan Parties' Debt Service Coverage Ratio above): \$_____
- C. Third Party Rent (from Line II.A of the Rent Expense calculation above): \$_____
- D. Denominator of Loan Parties' Lease Adjusted Leverage Ratio (III.A + III.B + III.C) \$_____

LEASE ADJUSTED LEVERAGE RATIO

Line I.D. plus II.B, divided by III.D: _____

Maximum Allowed: 5:00 to 1.0

EXHIBIT 12.1
INDEBTEDNESS

<u>Creditor - Debtor</u>	<u>Date</u>	<u>Maximum Principal Amount</u>	<u>Approximate Current Principal Amount</u>
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EXHIBIT 16.10
FORM OF BANK PRODUCT PROVIDER NOTICE

EXHIBIT 18.7
FORM OF ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (this “ Assignment and Assumption ”) is dated as of the Effective Date set forth below and is entered into by and between [the][each] Assignor identified in item 1 below ([the][each, an] “ Assignor ”) and [the][each] Assignee identified in item 2 below ([the][each, an] “Assignee”). [It is understood and agreed that the rights and obligations of [the Assignors][the Assignees] hereunder are several and not joint.]. Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (the “ Credit Agreement ”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, [the][each] Assignor hereby irrevocably sells and assigns to [the Assignee][the respective Assignees], and [the][each] Assignee hereby irrevocably purchases and assumes from [the Assignor][the respective Assignors], subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by Agent as contemplated below (i) all of [the Assignor's][the respective Assignors'] rights and obligations in [its capacity as a Lender][their respective capacities as Lenders] under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of [the Assignor][the respective Assignors] under the respective facilities identified below and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a Lender)][the respective Assignors (in their respective capacities as Lenders)] against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by [the][any] Assignor to [the][any] Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as, [the][an] “ Assigned Interest ”). Each such sale and assignment is without recourse to [the][any] Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by [the][any] Assignor.

1. Assignor[s]: _____
2. Assignee[s]: _____ **for each Assignee, indicate Affiliate of [identify Lender]]**
3. Borrower(s): _____
4. Administrative Agent: Citizens Bank, N. A., as the administrative agent under the Credit Agreement
5. Credit Agreement: **Amended and Restated Credit Agreement, dated as of December __, 2014, among _____, the Lenders from time to time party thereto, Citizens Bank, National Association, as Administrative Agent]**
6. Assigned Interest[s]:

Assignor[s]	Assignee[s]	<u>Facility Assigned</u>	Aggregate Amount of Commitment/ Loans <u>for all Lenders</u>	Amount of Commitment/ Loans <u>Assigned</u>	Percentage Assigned of <u>Commitment/Loans</u>	<u>CUSIP No.</u>
		_____	\$ _____	\$ _____	_____ %	_____
		_____	\$ _____	\$ _____	_____ %	_____
		_____	\$ _____	\$ _____	_____ %	_____

[7. **Trade Date** : _____]

Effective Date: _____, 20__ **[TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]**

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: _____

Name: _____

Title: _____

ASSIGNEE

[NAME OF ASSIGNEE]

By: _____

Name: _____

Title: _____

[Consented to and] Accepted:
Citizens Bank, National Association, as

Administrative Agent

By: _____

Name: _____

Title: _____

[Consented to:]

By: _____

Name: _____

Title: _____

ANNEX 1 TO ASSIGNMENT AND ASSUMPTION

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties .

1.1. Assignor . [The][Each] Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the][the relevant] Assigned Interest, (ii) [the][such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee . [The][Each] Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be an assignee under Section 18.7 of the Credit Agreement (subject to such consents, if any, as may be required under Section 18.7 of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of [the][the relevant] Assigned Interest, shall have the obligations of a Lender thereunder, and (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by [the][such] Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire [the][such] Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 11.4 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest (vi) it has independently and without reliance upon Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest and (vii) if it is a Foreign Lender, attached hereto is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by [the][such] Assignee; and (b) agrees that (i) it will, independently and without reliance upon Agent, [the][any] Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, Agent shall make all payments in respect of [the][each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the][the relevant] Assignor for amounts which have accrued to but excluding the Effective Date and to [the][the relevant] Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the Commonwealth of Massachusetts .

Ann Arbor Burgers, Inc.	859 W. Eisenhower Parkway	Ann Arbor	MI	48103	Bagger Dave's	Michigan
Avon Burgers, Inc.	9646 E. Hwy 36	Avon	IN	46123	Bagger Dave's	Indiana
Berkley Burgers, Inc.	2972 Coolidge Highway	Berkley	MI	48072	Bagger Dave's	Michigan
Birch Run Burgers, Inc.	8827 Main Street (E. Birch Run Road)	Birch Run	MI	48415	Bagger Dave's	Michigan
Bloomfield Burgers, Inc.	6608A Telegraph Road	Bloomfield Hills	MI	48301	Bagger Dave's	Michigan
Brighton Burgers, Inc.	110 East Grand River	Brighton	MI	48116	Bagger Dave's	Michigan
Canton Burgers, Inc.	2234 North Canton Center Road	Canton	MI	48187	Bagger Dave's	Michigan
Cascade Burgers, Inc.	2817 Kraft Avenue, SE	Grand Rapids	MI	49512	Bagger Dave's	Michigan
Chesterfield Township Burgers, Inc.	50570 Gratiot Avenue	Chesterfield Township	MI	48051	Bagger Dave's	Michigan
Crown Point Burgers Inc.	10755 Broadway	Crown Point	IN	46307	Bagger Dave's	Indiana
Detroit Burgers, Inc.	1224 Randolph	Detroit	MI	48226	Bagger Dave's	Michigan
East Lansing Burgers, Inc.	1351 E. Grand River Avenue	East Lansing	MI	48823	Bagger Dave's	Michigan
Fishers Burgers, Inc.	13204 Market Square Drive, Suite 102	Fishers	IN	46038	Bagger Dave's	Indiana
Fort Wayne North Burgers, Inc.	2886 E. Dupont Road	Fort Wayne	IN	46825	Bagger Dave's	Indiana
Grand Blanc Burgers, Inc.	8235 Trillium Circle Avenue	Grand Blanc	MI	48439	Bagger Dave's	Michigan
Grand Rapids Burgers, Inc.	241 W. Fulton	Grand Rapids	MI	49503	Bagger Dave's	Michigan
Grandville Burgers, Inc.	4553 Canal Avenue SW	Grandville	MI	49418	Bagger Dave's	Michigan
Greenwood Burgers, Inc.	5221 Noggle Way	Indianapolis	IN	46237	Bagger Dave's	Indiana
Holland Burgers, Inc.	3333 West Shore Drive	Holland	MI	49424	Bagger Dave's	Michigan
Indy/Michigan Road Inc.	8840 N. Michigan Road, Suite 111	Indianapolis	IN	46268	Bagger Dave's	Michigan
Schererville Burgers Inc.	1090 US Hwy 41	Schererville	IN	46375	Bagger Dave's	Indiana
Shelby Township Burgers, Inc.	13963 Hall Road	Shelby Township	MI	48315	Bagger Dave's	Michigan
Terre Haute Burgers, Inc.	D-7 3401 South US Hwy 41	Terre Haute	IN	47802	Bagger Dave's	Indiana
Traverse City Burgers, Inc.	3200 South Airport Road W #100	Traverse City	MI	49684	Bagger Dave's	Michigan
Troy Burgers, Inc.	26054 Novi Road	Novi	MI	48375	Bagger Dave's	Michigan
Westfield Burgers, Inc.	2740 East 146th Street	Carmel	IN	46033	Bagger Dave's	Indiana
Woodhaven Burgers, Inc.	20980 West Road	Woodhaven	MI	48183	Bagger Dave's	Michigan
AMC Adrian, Inc.	1357 South Main Street, Suite 1201A	Adrian	MI	49221	Buffalo Wild Wings	Michigan
AMC Bagley, Inc.	2305 Snowdrift Drive	Gaylord	MI	49735	Buffalo Wild Wings	Michigan
AMC Birch Run, Inc.	8811 Main Street	Birch Run	MI	48415	Buffalo Wild Wings	Michigan
AMC Calumet City, Inc.	1250 Torrence Avenue	Calumet City	IL	60409	Buffalo Wild Wings	Illinois
AMC Chesterfield, Inc.	51346 Gratiot Avenue	Chesterfield	MI	48051	Buffalo Wild Wings	Michigan
AMC Chicago, Inc.	1832 North Clybourn	Chicago	IL	60614	Buffalo Wild Wings	Illinois
AMC Clearwater, Inc.	21688 US Highway 19N	Clearwater	FL	33765	Buffalo Wild Wings	Florida
AMC Crown Point, Inc.	1600 E. Summit Street	Crown Point	IN	45307	Buffalo Wild Wings	Indiana
AMC Detroit, Inc.	1218 Randolph Street	Detroit	MI	48226	Buffalo Wild Wings	Michigan
AMC Flint, Inc.	G-3192 South Linden Road	Flint	MI	48507	Buffalo Wild Wings	Michigan
AMC Ft. Myers, Inc.	9390 Dynasty Drive, Suite 101	Ft. Myers	FL	33905	Buffalo Wild Wings	Florida
AMC Grand Blanc, Inc.	8251 Trillium Circle Ave., Ste. 102	Grand Blanc	MI	48439	Buffalo Wild Wings	Michigan
AMC Hammond Inc.	2942 Carlson Drive	Hammond	IN	46323	Buffalo Wild Wings	Indiana
AMC Hobart, Inc.	2515 Southlake Mall Drive	Hobart	IN	46342	Buffalo Wild Wings	Indiana
AMC Homewood, Inc.	17510 S. Halsted Street	Homewood	IL	60430	Buffalo Wild Wings	Illinois
AMC Lakeland, Inc.	3750 US Highway 98	Lakeland	FL	33810	Buffalo Wild Wings	Florida
AMC Lansing, Inc.	3720 Ridge Road	Lansing	IL	60438	Buffalo Wild Wings	Illinois
AMC Lapeer, Inc.	700 S. Main Street, #101A	Lapeer	MI	48446	Buffalo Wild Wings	Michigan
AMC Largo, Inc.	10500 Ulmerton Road, Suite 476	Largo	FL	33771	Buffalo Wild Wings	Florida
AMC Marquette, Inc.	2500 US Highway 41 West	Marquette	MI	49855	Buffalo Wild Wings	Michigan
AMC North Port, Inc.	18379 Tamiami Trail	North Port	FL	34287	Buffalo Wild Wings	Michigan
AMC Oldsmar, Inc.	4058 Tampa Road	Oldsmar	FL	34677	Buffalo Wild Wings	Florida
AMC Petoskey, Inc.	2180 Anderson Road, Suite 110	Petoskey	MI	49770	Buffalo Wild Wings	Michigan
AMC Pinellas Park, Inc.	4075 Park Blvd.	Pinellas Park	FL	33781	Buffalo Wild Wings	Florida
AMC Port Huron, Inc.	4355 24th Avenue, Suite 1	Port Huron	MI	48059	Buffalo Wild Wings	Michigan
AMC Riverview, Inc.	10607 Big Bend Road	Riverview	FL	33579	Buffalo Wild Wings	Michigan
AMC Royal Oak, Inc.	500 S. Main Street	Royal Oak	MI	48067	Buffalo Wild Wings	Michigan
AMC Sarasota, Inc.	5235 University Pkwy	University Park	FL	34201	Buffalo Wild Wings	Florida
AMC Sault Ste Marie, Inc.	4536 I-75 Business Spur	Sault Ste Marie	MI	49783	Buffalo Wild Wings	Michigan
AMC Schererville, Inc.	1200 US Hwy 41	Schererville	IN	46375	Buffalo Wild Wings	Indiana
AMC Traverse City, Inc.	3480 S. Airport Road	Traverse City	MI	49684	Buffalo Wild Wings	Michigan
AMC Trinity, Inc.	10936 State Rd 54	New Port Richey	FL	34655	Buffalo Wild Wings	Florida
AMC Troy, Inc.	1873 E. Big Beaver Road	Troy	MI	48083	Buffalo Wild Wings	Michigan
AMC Valparaiso, Inc.	212 E. Lincoln Way, Suite 101	Valparaiso	IN	46383	Buffalo Wild Wings	Indiana
AMC Warren, LLC	29287 Mound Road	Warren	MI	48092	Buffalo Wild Wings	Michigan
AMC Wesley Chapel Inc.	26725 State Road 56	Wesley Chapel	FL	33544	Buffalo Wild Wings	Florida
AMC Ybor, Inc.	1625 E. 7th Avenue	Tampa	FL	33605	Buffalo Wild Wings	Florida
Anker, Inc.	3190 Silver Lake Road	Fenton	MI	48430	Buffalo Wild Wings	Michigan
Bearcat Enterprises, Inc.	15745 15 Mile Road	Clinton Township	MI	48035	Buffalo Wild Wings	Michigan
Buckeye Group II, LLC	4067 Clark Road	Sarasota	FL	34233	Buffalo Wild Wings	Michigan
Buckeye Group, LLC	13416 Boyette Road	Riverview (Fishhawk)	FL	33569	Buffalo Wild Wings	Michigan
Flyer Enterprises, Inc.	44833 Mound Road	Sterling Heights	MI	48314	Buffalo Wild Wings	Michigan
MCA Enterprises Brandon, Inc.	2055 Badlands Drive	Brandon	FL	33511	Buffalo Wild Wings	Michigan
TMA Enterprises of Ferndale, LLC	280 W. Nine Mile Rd	Ferndale	MI	48220	Buffalo Wild Wings	Michigan
TMA Enterprises of Novi, Inc.	44375 Twelve Mile Rd	Novi	MI	48377	Buffalo Wild Wings	Michigan
AMC Bagley Real Estate, Inc.	2305 Snowdrift Drive	Gaylord	MI	49735	Real Estate	Michigan
AMC Canton Real Estate, Inc.	2234 North Canton Center Road	Canton	MI	48187	Real Estate	Michigan
AMC Hammond Real Estate Inc.	2942 Carlson Drive	Hammond	IN	46323	Real Estate	Indiana
AMC Wesley Chapel Real Estate Inc.	26725 State Road 56	Wesley Chapel	FL	33544	Real Estate	Florida
Ansley Group, L.L.C.	15745 15 Mile Road	Clinton Township	MI	48035	Real Estate	Michigan
Cascade Burgers Real Estate, Inc.	2817 Kraft Avenue, SE	Grand Rapids	MI	49512	Real Estate	Michigan
DMM Group, LLC	1224 Randolph	Detroit	MI	48226	Bagger Dave's	Michigan
Avon Burgers Real Estate, Inc.	9646 E. Hwy 36	Avon	IN	46123	Real Estate	Indiana
Greenwood Burgers Real Estate, Inc.	5221 Noggle Way	Indianapolis	IN	46237	Real Estate	Indiana
Westfield Burgers Real Estate, Inc.	2508 East 146th Street	Westfield	IN	46033	Real Estate	Indiana

SCHEDULE B

FEE PREMISES

1. 2234 N. Canton Center Road, Canton, MI (AMC Canton Real Estate, Inc. (BD))*
2. 1224 Randolph Street, Detroit, MI (DMM Group, LLC)

LEASEHOLD PREMISES

1. 15745 15 Mile Road, Clinton Township, MI (Bearcat Enterprises, Inc. (BWW))*
2. 2305 Snowdrift Drive, Gaylord, MI (AMC Bagley, Inc. (BWW))*
3. 2055 Badlands Drive, Brandon, FL (MCA Enterprises Brandon, Inc. (BWW))*
4. 2817 Kraft Ave., SE, Grand Rapids, MI (Cascade Burgers, Inc. (BD))*
5. 9646 E. Highway 36, Avon, IN (Avon Burgers, Inc. (BD))*
6. 5221 Noggle Way, Indianapolis, IN (Greenwood Burgers, Inc. (BD))*
7. 2972 Coolidge Highway, Berkley, MI (Berkley Burgers, Inc. (BD))*
8. 2740 East 14th St., Carmel, IN (Westfield Burgers, Inc. (BD))*
9. 1600 E. Summit Street, Crown Point, IN (AMC Crown Point, Inc. (BWW))
10. 17510 Halsted, Homewood, IL (AMC Homewood, Inc. (BWW))
11. 1250 Torrence Avenue, Calumet City, IL (AMC Calumet City, Inc. (BWW))
12. 1200 U.S. 41, Schererville, IN (AMC Schererville, Inc. (BWW))
13. 212 East Lincoln Way, Suite 101, Valparaiso, IN (AMC Valparaiso, Inc. (BWW))
14. 3720 Ridge Road, Lansing, IL (AMC Lansing, Inc. (BWW))
15. 2515 Southlake Mall Drive, Hobart, IN (AMC Hobart, Inc. (BWW))
16. 1832 North Clybourn, Chicago, IL (AMC Chicago, Inc. (BWW))
17. 4075 Park Blvd., Pinellas park, FL (AMC Pinellas Park, Inc. (BWW))
18. 20980 West Road, Woodhaven, MI (Woodhaven Burgers, Inc. (BD))
19. 13204 Market Square Drive, Suite 102, Fishers, IN (Fishers Burgers, Inc. ((BD))
20. 2886 E. Dupont Road, Fort Wayne, IN (*Fort Wayne North Burgers, Inc. (BD)*)
21. 8235 Trillium Circle Avenue, Grand Blanc, MI (*Grand Blanc Burgers, Inc. (BD)*)

SCHEDULE C

TMA Enterprises of Ferndale, LLC
Ansley Group, L.L.C.
AMC Warren, LLC
Buckeye Group, LLC
Buckeye Group II, LLC
DMM Group, LLC

Each a Michigan Limited Liability Company

AMC Crown Point, Inc.
AMC Hobart, Inc.
AMC Schererville, Inc.
AMC Valparaiso, Inc.
Indy/Michigan Road Inc.
Avon Burgers, Inc.
Westfield Burgers, Inc.
AMC Hammond Inc.
Terre Haute Burgers, Inc.
Fishers Burgers, Inc.
Greenwood Burgers, Inc.
Fort Wayne North Burgers, Inc.
Crown Point Burgers, Inc.
Schererville Burgers, Inc.
AMC Hammond Real Estate Inc.
each, an Indiana corporation

AMC Lakeland, Inc.
AMC Sarasota, Inc.
AMC Ft. Myers, Inc.
AMC Largo, Inc.
AMC Ybor, Inc.
AMC Pinellas Park, Inc.
AMC Clearwater, Inc.
AMC Oldsmar, Inc.
AMC Trinity, Inc.
AMC Wesley Chapel, Inc.
AMC Wesley Chapel Real Estate Inc.
each, a Florida corporation

AMC Calumet City, Inc.
AMC Homewood, Inc.
AMC Lansing, Inc.
AMC Chicago, Inc.
each, an Illinois corporation

Flyer Enterprises, Inc.
Anker, Inc.
TMA Enterprises of NOVI, Inc.
AMC Grand Blanc, Inc.
AMC Petoskey, Inc.
AMC Troy, Inc.
AMC Flint, Inc.
AMC Port Huron, Inc.
AMC Chesterfield, Inc.
AMC Marquette, Inc.
MCA Enterprises Brandon, Inc.
AMC North Port, Inc.
AMC Riverview, Inc.
Berkley Burgers, Inc.
Troy Burgers, Inc.
Ann Arbor Burgers, Inc.
AMC Traverse City, Inc.
Brighton Burgers, Inc.
Cascade Burgers Real Estate, Inc.
Cascade Burgers, Inc.
East Lansing Burgers, Inc.
Bearcat Enterprises, Inc.
Shelby Township Burgers, Inc.
AMC Detroit, Inc.
Bloomfield Burgers, Inc.
Holland Burgers, Inc.
Grandville Burgers, Inc.
Chesterfield Township Burgers, Inc.
Detroit Burgers, Inc.
Grand Rapids Burgers, Inc.
AMC Sault Ste. Marie, Inc.
AMC Lapeer, Inc.
Woodhaven Burgers, Inc.
Traverse City Burgers, Inc.
AMC Bagley, Inc.
AMC Bagley Real Estate, Inc.
Canton Burgers, Inc.
AMC Canton Real Estate, Inc.
Birch Run Burgers, Inc.
Grand Blanc Burgers, Inc.
AMC Birch Run, Inc.
AMC Royal Oak, Inc.
AMC Adrian, Inc.
each, a Michigan corporation

SCHEDULE 2.1
COMMITMENTS
AND APPLICABLE PERCENTAGES

Bank	Applicable Percentage	Term Loan	Development Line of Credit Loan	Revolving Line of Credit Loan	Total Commitment
Citizens Bank, National Association	61.04%	\$34,181,818.00	\$12,207,792.00	\$610,390.00	\$47,000,000.00
Flagstar Bank, FSB	19.48%	\$10,909,091.00	\$3,896,104.00	\$194,805.00	\$15,000,000.00
The Huntington National Bank	19.48%	\$10,909,091.00	\$3,896,104.00	\$194,805.00	\$15,000,000.00
Totals	100.00%	\$56,000,000.00	\$20,000,000.00	\$1,000,000.00	\$77,000,000.00

SCHEDULE 9.1(xii)

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LEASEHOLD PREMISES

1. 15745 15 Mile Road, Clinton Township, MI (Bearcat Enterprises, Inc. (BWW))*
2. 2305 Snowdrift Drive, Gaylord, MI (AMC Bagley, Inc. (BWW))*
3. 2055 Badlands Drive, Brandon, FL (MCA Enterprises Brandon, Inc. (BWW))*
4. 2817 Kraft Ave., SE, Grand Rapids, MI (Cascade Burgers, Inc. (BD))*
5. 9646 E. Highway 36, Avon, IN (Avon Burgers, Inc. (BD))*
6. 5221 Noggle Way, Indianapolis, IN (Greenwood Burgers, Inc. (BD))*
7. 2972 Coolidge Highway, Berkley, MI (Berkley Burgers, Inc. (BD))*
8. 2740 East 14th St., Carmel, IN (Westfield Burgers, Inc. (BD))*
9. 1600 E. Summit Street, Crown Point, IN (AMC Crown Point, Inc. (BWW))
10. 17510 Halsted, Homewood, IL (AMC Homewood, Inc. (BWW))
11. 1250 Torrence Avenue, Calumet City, IL (AMC Calumet City, Inc. (BWW))
12. 1200 U.S. 41, Schererville, IN (AMC Schererville, Inc. (BWW))
13. 212 East Lincoln Way, Suite 101, Valparaiso, IN (AMC Valparaiso, Inc. (BWW))
14. 3720 Ridge Road, Lansing, IL (AMC Lansing, Inc. (BWW))
15. 2515 Southlake Mall Drive, Hobart, IN (AMC Hobart, Inc. (BWW))
16. 1832 North Clybourn, Chicago, IL (AMC Chicago, Inc. (BWW))
17. 4075 Park Blvd., Pinellas park, FL (AMC Pinellas Park, Inc. (BWW))
18. 20980 West Road, Woodhaven, MI (Woodhaven Burgers, Inc. (BD))
19. 13204 Market Square Drive, Suite 102, Fishers, IN (Fishers Burgers, Inc. ((BD))
20. 2886 E. Dupont Road, Fort Wayne, IN (*Fort Wayne North Burgers, Inc. (BD)*)
21. 8235 Trillium Circle Avenue, Grand Blanc, MI (*Grand Blanc Burgers, Inc. (BD)*)

Exhibit 21**DIVERSIFIED RESTAURANT HOLDINGS, INC. LEGAL STRUCTURE**

Legal Entity	State Organized	Purpose of Company	Ownership Structure
Diversified Restaurant Holdings, Inc.	Nevada	Parent Company	Public Entity: BAGR (NASDAQ) <i>(Parent Company)</i>
AMC Group, Inc.	Michigan	Management Company	Diversified Restaurant Holdings, Inc.
AMC Real Estate, Inc.	Michigan	Management Company	Diversified Restaurant Holdings, Inc.
AMC Wings, Inc. d/b/a Buffalo Wild Wings Grill & Bar	Michigan	Owens all BWW restaurants	Diversified Restaurant Holdings, Inc.
AMC Burgers, Inc. d/b/a Bagger Dave's Legendary Burger Tavern	Michigan	Owens all BDs restaurants	Diversified Restaurant Holdings, Inc.

Exhibit 23

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-175120) of Diversified Restaurant Holdings, Inc. and Subsidiaries of our report dated March 13, 2015 relating to the consolidated financial statements which appears in this Form 10-K.

/s/ BDO USA, LLP

Troy, Michigan
March 13, 2015

Exhibit 31.1

RULE 13a-14(a) CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, T. Michael Ansley, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 28, 2014 of Diversified Restaurant Holdings, Inc. (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 13, 2015

DIVERSIFIED RESTAURANT HOLDINGS, INC.

By: /s/ T. Michael Ansley

T. Michael Ansley
Chairman of the Board, President and Chief Executive
Officer
(Principal Executive Officer)

RULE 13a-14(a) CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, David G. Burke, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 28, 2014 of Diversified Restaurant Holdings, Inc. (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 13, 2015

DIVERSIFIED RESTAURANT HOLDINGS, INC.

By: /s/ David G. Burke

David G. Burke
Treasurer and Chief Financial Officer
(Principal Financial Officer)

