AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON OCTOBER 1, 1996

REGISTRATION NO. 333-10675

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

FORM SB-2
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

FAMOUS DAVE'S OF AMERICA, INC.
(Name of Small Business Issue in its Charter)

MINNESOTA	5812	41-1782300
(State or other jurisdiction of incorporation)	(Primary standard industrial classification code number)	(I.R.S. Employer Identification Number)

12700 INDUSTRIAL PARK BOULEVARD, SUITE 60

MINNEAPOLIS, MINNESOTA 55441

(612) 557-5798
(Address and Telephone Number of Principal Executive Offices)

DAVID W. ANDERSON, CHIEF EXECUTIVE OFFICER
FAMOUS DAVE'S OF AMERICA, INC.

12700 INDUSTRIAL PARK BOULEVARD, SUITE 60

MINNEAPOLIS, MINNESOTA 55441
(612) 557-5798
(Name, Address, and Telephone Number of Agent For Service)

Copies to:

WILLIAM MOWER, ESQ.
MASLON EDELMAN BORMAN & BRAND,
A PROFESSIONAL LIMITED LIABILITY PARTNERSHIP
3300 NORWEST CENTER
MINNEAPOLIS, MINNESOTA 55402
(612) 672-8200

GIRARD P. MILLER, ESQ.
DOHERTY, RUMBLE & BUTLER, P.A.
150 SOUTH FIFTH STREET
SUITE 3500
MINNEAPOLIS, MINNESOTA 55402
(612) 340-5555

FAX (612) 672-8397 FAX (612) 340-5584

APPROXIMATE DATE OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this Registration Statement.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. / /

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER UNIT(2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE
Units each consisting of one share of Common Stock, $.01 par value, and one Class A Warrant to purchase one share of Common Stock.....	2,645,000 Units(3)	$6.50	$17,192,500	$5,928.45(4)
Common Stock, $.01 par value(5)...	2,645,000 Shares	$8.50	$22,482,500	$7,752.59(4)

(1) Pursuant to Rule 415 under the Securities Act of 1933, as amended, this registration statement also covers such additional securities as may become issuable upon exercise of Class A Warrants.

(2) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457 under the Securities Act of 1933, as amended.

(3) Includes 345,000 Units subject to an option granted to the Underwriter to cover over-allotments, if any.

(4) A registration fee aggregating $11,500 was previously paid to the Commission in connection with the Company's August 23, 1996 filing of the Registration Statement, leaving a balance of $2,181.04 to be paid herewith.

(5) Issuable upon exercise of the Class A Warrants.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

FAMOUS DAVE'S OF AMERICA, INC.
CROSS REFERENCE SHEET
PURSUANT TO RULE 404

ITEM NUMBER IN FORM SB-2 AND TITLE OF ITEM	CAPTION OR LOCATION IN PROSPECTUS
Item 1. Front of Registration Statement and Outside Front Cover of Prospectus.....	Front of the Registration Statement and Outside Front Cover Page of the Prospectus
Item 2. Inside Front and Outside Back Cover Pages of Prospectus.....	Inside Front and Outside Back Cover Pages of Prospectus; Additional Information
Item 3. Summary Information and Risk Factors....	Prospectus Summary; Risk Factors
Item 4. Use of Proceeds.....	Use of Proceeds
Item 5. Determination of Offering Price.....	Outside Front Cover Page; Risk Factors; Underwriting
Item 6. Dilution.....	Risk Factors; Dilution
Item 7. Selling Security Holders.....	Not applicable
Item 8. Plan of Distribution.....	Outside Front Cover Page; Underwriting
Item 9. Legal Proceedings.....	Business
Item 10. Directors, Executive Officers, Promoters and Control Persons.....	Management
Item 11. Security Ownership of Certain Beneficial Owners and Management.....	Principal Shareholders
Item 12. Description of Securities.....	Prospectus Summary; Dividend Policy; Description of Securities
Item 13. Interest of Named Experts and Counsel...	Legal Matters; Experts
Item 14. Disclosure of Commission Position on Indemnification for Securities Act Liabilities.....	Underwriting
Item 15. Organization Within Last Five Years.....	Business; Management's Discussion and Analysis of Financial Condition and Results of Operations; Certain Transactions
Item 16. Description of Business.....	Business
Item 17. Management's Discussion and Analysis or Plan of Operation.....	Management's Discussion and Analysis of Financial Condition and Results of Operations
Item 18. Description of Property.....	Business
Item 19. Certain Relationships and Related Transactions.....	Certain Transactions
Item 20. Market for Common Equity and Related Stockholder Matters.....	Outside Front Cover Page of Prospectus; Risk Factors; Description of Securities; Underwriting
Item 21. Executive Compensation.....	Management
Item 22. Financial Statements.....	Financial Statements
Item 23. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.....	Not applicable

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION; DATED OCTOBER 1, 1996

Famous Dave's Logo

FAMOUS DAVE'S OF AMERICA, INC.

2,300,000 UNITS

Consisting of 2,300,000 Shares of Common Stock

and 2,300,000 Redeemable Class A Warrants

Famous Dave's of America, Inc. (the "Company") is offering 2,300,000 units (the "Offering"), each unit consisting of one share of Common Stock (a "Share") and one redeemable Class A Warrant at an initial public offering price of $6.50 per unit (a "Unit"). The Class A Warrants are immediately exercisable and, commencing ten trading days after the Effective Date (as hereinafter defined), transferable separate from the Common Stock. Each Class A Warrant entitles the holder to purchase at any time until four years following the date that the Registration Statement relating to this Prospectus has been declared effective by the Securities and Exchange Commission (the "Effective Date"), one share of Common Stock at an exercise price of $8.50 per warrant, subject to adjustment. The Class A Warrants are subject to redemption by the Company for $.01 per warrant at any time 90 days after the Effective Date, on 30 days' written notice, provided that the average closing bid price of the Common Stock exceeds 120% of the Exercise Price (subject to adjustment) for any 10 consecutive trading days prior to such notice. See "Description of Securities."

Prior to this Offering, there has been no market for the Company's securities. See "Underwriting" for information relating to the factors considered in determining the Price to Public. The Company has applied for listing its Common Stock, Class A Warrants and Units on the Nasdaq SmallCap Market under the symbols DAVE, DAVEW, and DAVEU, respectively.

THIS OFFERING INVOLVES A HIGH DEGREE OF RISK AND SUBSTANTIAL DILUTION. SEE "RISK FACTORS" COMMENCING ON PAGE 6 AND "DILUTION" ON PAGE 11.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE ARE SPECULATIVE SECURITIES.

	PRICE TO PUBLIC	UNDERWRITING DISCOUNT(1)	PROCEEDS TO COMPANY(2)
Per Unit.....	$6.50	$0.52	$5.98
Total (3)(4).....	$14,950,000	$1,196,000	$13,754,000

(1) The Underwriter will receive a sales commission equal to 8% of the Total Price to Public from the sale of the Units. The Company has also agreed to

pay the Underwriter a nonaccountable expense allowance equal to 2% of the Total Price to Public. The Company has also agreed to sell to the Underwriter, for nominal consideration, a 5-year warrant to purchase up to 230,000 shares at 140% of the Price to Public (the "Underwriter's Warrant"). In addition, the Company has agreed to indemnify the Underwriter against certain liabilities. See "Underwriting."

(2) Before deducting expenses of the offering estimated at $220,000, which does not include the 2% nonaccountable expense allowance described in Note 1 above and assumes no exercise of the Underwriter's over-allotment option.

(3) The Underwriter has been granted a 45-day option to purchase up to 345,000 additional Units from the Company for the purpose of covering over-allotments. If the Underwriter purchases all of the Units under the over-allotment option, the Total Price to Public, Total Underwriting Discount and Total Proceeds to Company will be $17,192,500, $1,375,400 and $15,817,100, respectively. See "Underwriting."

(4) At the request of the Company, up to 15% of the Units offered hereby may be reserved for sale to persons designated by the Company at the Price to Public.

The Units are offered by the Underwriter, subject to receipt and acceptance by it, its right to reject orders in whole or in part and to certain other conditions. It is expected that delivery of certificates representing the Units will be made on or about , 1996 in Minneapolis, Minnesota.

RJ Steichen & Company Logo

The date of this Prospectus is , 1996.

[Narrative description of photographs that appear on the inside front cover page of prospectus]

Picture #1 -- In the foreground of this photograph taken inside the Company's Linden Hills Unit, David W. Anderson, the Chairman and Chief Executive Officer of the Company, is holding a large three-dimensional version of Wilbur(TM), the pink pig which is one of the Company's trademarks, behind a display of the Company's barbecued ribs, corn on the cob and wedges of watermelon. In the background can be seen the whimsically decorated counter where diners order their meals. Caption: "Famous Dave and Wilbur."

Picture #2 -- A photograph of the exterior of the Company's Roseville Unit taken at dusk. Caption: "Exceptional locations."

Picture #3 -- A photograph of two stainless-steel smoking ovens filled with ribs, beef brisket and chicken under a sign which reads, "Famous Dave's BBQ Pit." Caption: "Slow-smoked over smoldering-hickory."

Picture #4 -- An up-close photograph of steaming ribs over a flaming barbecue pit. Caption: "Award winning ribs made us famous."

Picture #5 -- A photograph of one of the Company's popular family-size entrees, the "garbage can lid," featuring a real garbage can lid loaded with ribs, herb-roasted chicken, fried chicken, beef brisket, french fries, corn bread muffins, and bowls of cole slaw and "Wilbur"(TM) beans, flanked by a bottle of Famous Dave's BBQ Sauce. Caption: "A mouth watering all-American feast."

Picture #6 -- A photograph of the interior of the Company's Linden Hills Unit which shows the typical roadhouse decor, with red and white plaid

oilcloth tablecloths, casually mismatched wooden chairs, wooden floor, weathered barn timber walls, items of Americana from the '20s and '30s on the walls along with painted murals, and red and white gingham plaid cafe curtains. Caption: "Interiors are warm and friendly."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK, THE CLASS A WARRANTS AND/OR THE UNITS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and financial statements (including the notes thereto) appearing elsewhere in this Prospectus. Unless otherwise indicated, the information in this Prospectus assumes no exercise of Class A Warrants offered hereby or of the Underwriter's over-allotment option. Investors should carefully consider the information set forth under the caption "Risk Factors."

THE COMPANY

The business of Famous Dave's of America, Inc. (the "Company") is to develop, own and operate American roadhouse-style barbeque restaurants under the name "Famous Dave's Bar-B-Que Shack." The Company presently owns and operates three restaurants, one located in the Linden Hills neighborhood of Minneapolis (the "Linden Hills Unit"), one in Roseville, Minnesota (the "Roseville Unit") and the third in Calhoun Square in Minneapolis (the "Calhoun Blues Joint" and, collectively with the Linden Hills and Roseville Units, the "Existing Units"). The Calhoun Blues Joint opened in early September 1996 and features live blues music during certain evenings and an authentic Chicago blues decor. The Company is planning to develop three additional restaurants, to be located in Minnetonka, Minnesota (the "Minnetonka Unit"), on West 7th Street near the Highland Park area of St. Paul (the "Highland Park Unit") and in Maple Grove, Minnesota (the "Maple Grove Unit"). These three additional units are expected to open in the first half of 1997.

While the Company's primary theme for its restaurants is the roadhouse-style decor, various other themes have been identified and developed. The Linden Hills and Roseville Units were designed to be reminiscent of roadhouse-style barbeque "joints." The Company's nostalgic roadside shack theme is promoted by the abundant use of rustic antiques and items of Americana from the '20s and '30s. Two additional themes have been developed, including the larger Calhoun Blues Joint with live blues music several nights a week, and a north woods lodge decor. Consistent in all themes is the use of recorded or live blues music and award-winning barbeque.

Each restaurant features an assortment of menu items, such as hickory-smoked St. Louis-style spareribs, Texas beef brisket, herb-roasted chicken, barbeque sandwiches, and char-grilled burgers, as well as honey-buttered corn bread, potato salad, cole slaw and "Wilbur"(TM) beans. Homemade desserts, including Famous Dave's homemade bread pudding, Kahlua(TM) brownies and strawberry shortcake, are a specialty. The Company's Famous Dave's BBQ Sauces, which are provided in four regional variations (Rich-N-Sassy(TM), Texas Pit(TM), Georgia Mustard(TM) and Hot Stuff(TM)), represent signature items for the Company.

The Company opened the Linden Hills Unit, a 2,900-square-foot facility with approximately 60 indoor and 40 patio seats, in June 1995 in the primarily

residential Linden Hills neighborhood of south Minneapolis. The Company opened its second restaurant, a 4,800-square-foot facility with approximately 100 seats, in suburban Roseville, Minnesota, in June 1996. The Calhoun Blues Joint, an approximately 250-seat, 10,500-square-foot live blues music facility, opened in Calhoun Square in the Uptown area of Minneapolis in September 1996. Three additional restaurants are being planned for development in the Minneapolis/St. Paul area which are scheduled to open in the first half of 1997.

The Company was incorporated in March 1994 as a Minnesota corporation. Its executive offices are located at 12700 Industrial Park Boulevard, Suite 60, Minneapolis, Minnesota 55441 and its telephone number is 612-557-5798.

THE OFFERING

Securities Offered.....	2,300,000 Units, each Unit consisting of one share of Common Stock and one redeemable Class A Warrant at an initial public offering price of $6.50 per Unit. Each Class A Warrant is immediately exercisable and, commencing ten trading days after the Effective Date, transferable separately from the Common Stock. Each Class A Warrant entitles the holder to purchase at any time until four years after the Effective Date, one share of Common Stock at an exercise price of $8.50 per Warrant, subject to adjustment. The Class A Warrants are subject to redemption by the Company for $.01 per Warrant at any time 90 days after the Effective Date, on 30 days written notice, provided that the average closing bid price of the Common Stock exceeds 120% of the Exercise Price (subject to adjustment) for any 10 consecutive trading days prior to such notice.
Common Stock Outstanding Before this Offering.....	3,356,250 shares
Common Stock Outstanding After this Offering.....	5,656,250 shares(1)
Proposed Nasdaq SmallCap Market Symbols:	
Common Stock.....	DAVE
Warrants.....	DAVEW
Units.....	DAVEU
Use of Proceeds.....	The Company intends to utilize the proceeds to develop and open as few as five or as many as ten new units. The Company intends to apply the balance of the net proceeds, if any, for working capital purposes.

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(1) Does not include (i) 345,000 Units subject to the Underwriter's over-allotment option; (ii) 230,000 shares of Common Stock issuable upon exercise of the Underwriter's Warrant at 140% of the Price to Public; (iii) 2,300,000 shares of Common Stock which are issuable upon the exercise of the Class A Warrants at an exercise price of $8.50 per warrant; (iv) 700,000 shares of Common Stock reserved for issuance under the Company's 1995 Stock Option and Compensation Plan, of which 338,000 have been granted; and (v) 50,000 shares of Common Stock issuable upon exercise of directors' stock options at an exercise price of $4.33 per share.

SUMMARY FINANCIAL INFORMATION

	MARCH 14, 1994 (INCEPTION) TO DECEMBER 31, 1994(1)	YEAR ENDED DECEMBER 31, 1995(1)	TWENTY-SIX WEEKS ENDED JUNE 30, 1995(1)	TWENTY-SIX WEEKS ENDED JUNE 30, 1996
STATEMENT OF OPERATIONS DATA:				
Sales	$ 0	$ 481,510	$ 23,601	$1,015,856
Cost of sales	0	169,789	13,278	336,600
Gross profit	0	311,721	10,323	679,256
Restaurant operating expenses	0	302,217	45,991	391,232
Depreciation and amortization	0	17,009	2,000	36,289
General, administrative and development	0	332,331	57,040	634,460
Other (income) expense	0	(33,646)	0	5,477
Net loss	$ 0	$ (306,190)	$ (94,708)	$ (388,202)
Net loss per share	$ 0.00	$ (0.14)	$ (0.04)	$ (0.18)
Shares used in per share calculation	2,135,417	2,135,417	2,135,417	2,135,417

	JUNE 30, 1996		
	ACTUAL	PROFORMA (2)	PROFORMA AS ADJUSTED(2)(3)
BALANCE SHEET DATA:			
Working capital (deficiency)	$ (2,239,340)	$1,965,660	$15,282,984
Total assets	3,511,524	7,716,524	20,951,524
Total liabilities	3,205,916	3,205,916	3,205,916
Accumulated deficit	(694,392)	(694,392)	(694,392)
Stockholders' equity	305,608	4,510,608	17,745,608

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(1) The Company began operations at the Linden Hills Unit in June 1995. Prior to such time, the Company had no operations.

(2) Assumes completion on June 30, 1996 of the sale of 1,356,250 shares of Common Stock at $3.50 per share for net proceeds of approximately $4,200,000 that actually occurred in July 1996.

(3) As adjusted for the sale of the Units offered hereby and the anticipated application of the net proceeds therefrom. Does not include: (i) 345,000 Units subject to the Underwriter's over-allotment option; (ii) 230,000 shares of Common Stock issuable upon exercise of the Underwriter's Warrant at 140% of the Price to Public; (iii) 2,300,000 shares of Common Stock which

are issuable upon the exercise of the Class A Warrants at an exercise price of $8.50 per warrant; (iv) 700,000 shares of Common Stock reserved for issuance under the Company's 1995 Stock Option and Compensation Plan, of which 338,000 have been granted; and (v) 50,000 shares of Common Stock issuable upon exercise of directors' stock options at an exercise price of $4.33 per share.

RISK FACTORS

An investment in the Units offered hereby is highly speculative and involves a high degree of risk. Investors could lose their entire investment. Prospective investors should carefully consider the following factors, along with the other information set forth in this Prospectus, in evaluating the Company, its business and prospects before purchasing the Units.

LACK OF PROFITABILITY; LACK OF OPERATING HISTORY

The Company opened its first restaurant in June 1995. The Company had a net loss of $388,202 during the 26 weeks of operations ended June 30, 1996, and a net loss of $306,190 for the year ended December 31, 1995. The Company had a working capital deficit of $2,239,340 and an accumulated deficit of $694,392 at June 30, 1996. Prior to the opening of the Linden Hills Unit, the Company had no operations or revenues. Accordingly, the Company's operations are subject to all of the risks inherent in the establishment of a new business enterprise, including the lack of operating history. The likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any company. There can be no assurance that future operations of such restaurants, or any future restaurants, will be profitable. Future revenues and profits, if any, will depend upon various factors, including the market acceptance of the Company's roadhouse and other concepts, the quality of restaurant operations, and general economic conditions. Frequently, restaurants, particularly theme-oriented restaurants, experience a decline of revenue growth or of actual revenues as the restaurant's "initial honeymoon" period expires and consumers tire of the related theme. There is no assurance that the Company can operate profitably or that it will successfully implement its expansion plans, in which case the Company will continue to be dependent on the revenues of the Existing Units. Furthermore, to the extent that the Company's expansion strategy is successful, the Company must manage the transition to multiple site operations, higher volume operations, the control of overhead expenses and the addition of necessary personnel.

LIMITED MANAGEMENT EXPERIENCE/NEED FOR ADDITIONAL MANAGEMENT

The success of the Company will depend upon the Company's ability to attract and retain a highly qualified management team. David W. Anderson, the Company's Chairman and Chief Executive Officer, has limited restaurant and multi-location restaurant management experience. William L. Timm, the Company's President, has no previous restaurant experience. Mark A. Payne, the Company's Vice President, Finance and Chief Financial Officer, has significant financial and accounting experience but has no prior restaurant-related experience. The Company will also need to hire other corporate level and management employees to help implement and operate its expansion plans, including a chief operating officer with significant multi-unit restaurant experience. The failure to obtain, or delays in obtaining, key employees could have a material adverse effect on the Company. See "Management."

LIMITED BASE OF OPERATIONS

The Company currently operates only three restaurants and plans to open at

least three additional restaurants in 1997. The combination of the relatively small number of locations and the significant investment associated with each new unit may cause the operating results of the Company to fluctuate significantly and adversely affect the profitability of the Company. Due to this relatively small number of current and planned locations, poor operating results at any one unit or a delay in the planned opening of a unit could materially affect the profitability of the entire Company. Future growth in revenues and profits will depend to a substantial extent on the Company's ability to increase the number of its restaurants. Additionally, the Company's history does not provide any basis for prediction as to whether individual units will tend to show increases or decreases in comparable unit sales.

LIMITED FINANCIAL RESOURCES; ADEQUACY OF PROCEEDS AND NEED FOR ADDITIONAL FINANCING

The Company's ability to execute its business strategy depends to a significant degree on its ability to obtain substantial equity capital to finance the development of additional restaurants. The proceeds of this Offering will provide the Company with the financing required to develop and open five to ten additional restaurants and for working capital purposes. The total cost of developing the Linden Hills Unit was approximately $425,000, which included $282,000 for the design and construction, $131,000 for equipment, furniture and fixtures, and $12,000 for other costs. The total cost of developing the Roseville Unit was approximately $1,110,000, which included $734,000 for the design and construction, $310,000 for equipment, furniture and fixtures, and $66,000 for other costs. The Company estimates that the costs of developing three additional restaurants presently planned for the Minneapolis/St. Paul area will be approximately $4.0 million. Although the Company estimates that the proceeds from this Offering will be sufficient to develop and open at least five additional units, there can be no assurance that such facilities can be developed at such estimated costs. If the proceeds of this Offering are not sufficient to develop such units, the Company may be required to seek additional funds through an additional offering of the Company's equity securities. If additional funds are required, there can be no assurance that any additional funds will be available on terms acceptable to the Company or its shareholders. New investors may seek and obtain substantially better terms than were granted its present investors and the issuance of such securities would result in dilution to the existing shareholders. Furthermore, as the Company prepares to open additional units, it will expend a relatively higher amount on administrative expenses than would a mature Company with such operations.

EXPANSION STRATEGY

The Company's ability to open and successfully operate additional units will also depend upon the hiring and training of skilled restaurant management personnel and the general ability to successfully manage growth, including monitoring restaurants and controlling costs, food quality and customer service. The Company's present senior management has little experience developing and operating multi-unit facilities. The Company anticipates that the opening of additional units will give rise to additional expenses associated with managing operations located in multiple markets. Furthermore, the Company believes that competition for unit-level management has become increasingly intense as additional restaurant chains expand to new markets. Achieving consumer awareness and market acceptance will require substantial efforts and expenditures by the Company. An extraordinary amount of management's time may be drawn to such matters and negatively impact operating results. There can be no assurance that the Company will be able to enter into any other contracts for development of additional units on terms satisfactory to the Company. Accordingly, there can be no assurance that the Company will be able to open new units or that, if opened, those units can be operated profitably. See "Business -- Expansion Strategy."

THE RESTAURANT INDUSTRY AND COMPETITION

The restaurant industry is highly competitive with respect to price, service, quality and location and, as a result, has a high failure rate. There are numerous well-established competitors, including national, regional and local restaurant chains, possessing substantially greater financial, marketing, personnel and other resources than the Company. Furthermore, to the extent that barbeque restaurants are frequently viewed as "local," the Company may experience intense competition or lack of consumer acceptance if it expands into areas with existing barbeque restaurants. There can be no assurance that the Company will be able to respond to various competitive factors affecting the restaurant industry. The restaurant industry is also generally affected by: changes in consumer preferences, national, regional and local economic conditions, and demographic trends. The performance of restaurant facilities may also be affected by factors such as traffic patterns, demographic considerations, and the type, number and location of competing facilities. In addition, factors such as inflation, increased labor and employee benefit costs, and a lack of availability of experienced management and hourly employees may also adversely affect the restaurant industry in general and the Company's restaurants in particular. Restaurant operating costs are further affected by increases in the minimum hourly wage, unemployment tax rates and similar matters over which the Company has no control. Finally, by the nature of its business, the Company would be subject to potential liability from serving contaminated or improperly prepared food.

CONCEPT EVOLUTION

The Company presently intends that most of its future restaurants will feature the roadhouse theme similar to the Linden Hills and Roseville Units. However, the Famous Dave's concept is evolving and a number of factors could change this theme as applied in different locations. These factors include demographic and regional differences, locations that have more or less traffic than the areas in which those units are located, type of available floor space, and the availability of specialty items such as antiques. Accordingly, future units could be larger or smaller than those units, could vary in the mix of retail/restaurant operations, and could have differences in the application of the Famous Dave's theme.

LONG-TERM, NON-CANCELABLE LEASES

The Company has entered into long-term leases or subleases with S&D Land Holdings, Inc., a Minnesota corporation which is wholly-owned by David W. Anderson relating to its Existing Units and certain planned units. These leases and subleases are non-cancelable by the Company (except in limited circumstances) and range in term from seven to ten years. The leases and subleases do not permit assignment or subleasing without the prior approval of S&D Land Holdings. Additional facilities developed by the Company are likely to be subject to similar long-term, non-cancelable leases, although the Company currently expects, subject to available financial resources, that such leases will be entered into with unrelated parties. If an existing or future unit does not perform at a profitable level, and the decision is made to close the restaurant, the Company may nonetheless be committed to perform its obligations under the applicable lease or sublease, which would include, among other things, payment of the respective base rent for the balance of the respective lease term. If such a restaurant closing were to occur at one of these locations, the Company would lose a unit without necessarily receiving an adequate return on its investment. See "Business -- Property and Unit Locations" and "Certain Transactions."

TRANSACTIONS WITH MANAGEMENT; CONFLICTS OF INTEREST

There are several transactions between the Company and David W. Anderson, its Chairman and Chief Executive Officer, that present a conflict of interest. In addition, Mr. Anderson is a director of Rainforest Cafe, Inc., a theme restaurant with associated retail operations primarily located in high traffic shopping malls and theme parks throughout the world. Martin J. O'Dowd, a director of the Company, is also the President, Chief Operating Officer and a director of Rainforest Cafe, Inc. and a director of Elephant & Castle Group, Inc. In the future these two companies may potentially compete against the Company when and if one of the Company's restaurants are developed in a market that contains a restaurant operated by one of these two other companies or vice versa. Therefore, the directorships of Messrs. Anderson and O'Dowd could constitute a conflict of interest. See "Certain Transactions."

CONTROL OF THE COMPANY; DEPENDENCE ON KEY PERSONNEL

Following this offering, David W. Anderson will control approximately 35.4% of the Company's Common Stock. Therefore, Mr. Anderson will have the ability to direct its operations and financial affairs and to substantially influence the election of members of the Board of Directors of the Company. The Company is also presently highly dependent upon the personal efforts and abilities of its Chief Executive Officer, David W. Anderson. The Company has a two-year employment agreement with Mr. Anderson. The loss of the services of Mr. Anderson could have a substantial adverse effect on the Company's ability to achieve its objectives. The Company currently has no key man insurance on Mr. Anderson.

GOVERNMENT REGULATION

The restaurant business is subject to various federal, state and local government regulations, including those relating to the sale of food and alcoholic beverages. The failure to maintain food and liquor licenses would have a material adverse effect on the Company's operating results. In addition, restaurant operating costs are affected by increases in the minimum hourly wage, unemployment tax rates, sales taxes and similar costs over which the Company has no control. Many of the Company's restaurant personnel will be paid at

rates based on the federal minimum wage. Recent increases in the minimum wage are not expected to materially impact the Company's labor costs. The Company will be subject to "dram shop" statutes in certain states, including Minnesota, which generally allow a person injured by an intoxicated person to recover damages from an establishment that served alcoholic beverages to such intoxicated person. The Company has obtained liability insurance against such potential liability.

TRADEMARKS

The Company's ability to successfully implement its Famous Dave's concept will depend in part upon its ability to protect its trademarks. The Company has filed a trademark application with the United States Patent and Trademark Office to register the "Famous Dave's" mark and design. There can be no assurance that the Company will be granted trademark registration for any or all of the proposed uses in the Company's applications. In the event the Company's mark is granted registration, there can be no assurance that the Company can protect such mark and design against prior users in areas where the Company conducts operations. There is no assurance that the Company will be able to prevent competitors from using the same or similar marks, concepts or appearance.

SUBSTANTIAL DILUTION

Purchasers of the securities offered hereby will experience immediate substantial dilution of $3.36 per Share in the net tangible book value per share of Common Stock. See "Dilution."

ABSENCE OF DIVIDENDS

At the present time, the Company intends to use any earnings which may be generated to finance further growth of the Company's business. Accordingly, investors should not purchase the shares with a view towards receipt of cash dividends from any Shares.

LACK OF PUBLIC MARKET; DETERMINATION OF OFFERING PRICE

Prior to this Offering, there has been no public market for the Company's securities. Although the Company has applied for listing of the Units on the Nasdaq SmallCap Market, there can be no assurance that an active public market will develop or be sustained. In addition, the SmallCap Market may be significantly less liquid than the Nasdaq National Market. If the Company fails to maintain the standards for quotation, the Company's securities could be removed from the market and traded in the over-the-counter market. As a result, an investor would find it more difficult to dispose of, or obtain accurate quotations as to the price of, the securities.

The offering price of the Units offered hereby has been arbitrarily determined by negotiation between the Company and the Underwriter and bears no relationship to the Company's current operating results, book value, net worth or financial statement criteria of value. The factors considered in determining the offering price included an evaluation by management of the history of and prospects for the industry in which the Company competes and the prospects for earnings of the Company. Such factors are largely subjective, and the Company makes no representation as to any objectively determinable value of the Units offered hereby. See "Underwriting."

In addition, if the Company fails to maintain its qualification for its Units to trade on the Nasdaq SmallCap Market, the Units will be subject to certain rules of the Securities and Exchange Commission relating to "penny stocks." Such rules require broker-dealers to make a suitability determination for purchasers and to receive the purchaser's prior written consent for a purchase transaction, thus restricting the ability of purchasers and broker-dealers to sell the stock in the open market.

CURRENT PROSPECTUS AND STATE REGISTRATION REQUIRED TO EXERCISE WARRANTS; POSSIBLE REDEMPTION OF WARRANTS

Purchasers of Units will be able to exercise the Class A Warrants only if a current prospectus relating to the shares of Common Stock underlying the Class A Warrants is then in effect and only if such securities are qualified for sale or exempt from qualification under the applicable securities laws of the states in which the various holders of Class A Warrants reside. Although the Company will use its best efforts to (i) maintain the effectiveness of a current prospectus covering the shares of Common Stock underlying the Class A Warrants and (ii) maintain the registration of such Common Stock under the securities laws of the states in which the Company initially qualifies the Units for sale in the Offering, there can be no assurance that the Company will be able to do so. The Company will be unable to issue shares of Common Stock to those persons desiring to exercise their Class A Warrants if a current prospectus covering the shares issuable upon the exercise of the Class A Warrants is not kept effective or if such shares are not qualified nor exempt from qualification in the states in

which the holders of the Warrants reside. The Class A Warrants are subject to redemption at any time by the Company at $.01 per Warrant 90 days after the Effective Date, on 30 days prior written notice, if the average closing bid price of the Common Stock shall exceed 120% of the Exercise Price (subject to adjustment), for 10 consecutive trading days, at any time prior to such notice and provided a current prospectus covering the shares is then effective under federal securities laws. If the Class A Warrants are redeemed, Warrant holders will lose their right to exercise the Warrants except during such 30-day redemption period. Redemption of the Class A Warrants could force the holders to exercise the Class A Warrants at a time when it may be disadvantageous for the holders to do so or to sell the Class A Warrants at the then market price or accept the redemption price, which is likely to be substantially less than the market value of the Class A Warrants at the time of redemption. See "Description of Securities -- Class A Warrants."

UNDERWRITER'S WARRANT

The Company has agreed to sell to the Underwriter, for nominal consideration, a five-year warrant to purchase up to 230,000 shares of Common Stock at 140% of the Price to Public. As long as the Underwriter's Warrant or other outstanding warrants remain unexercised, the Company's ability to raise additional capital may be adversely affected. See "Underwriting."

UNDESIGNATED STOCK

The Company's authorized capital consists of 100,000,000 shares of capital stock. The Board of Directors, without any action by the Company's stockholders, is authorized to designate and issue shares in such classes or series (including classes or series of preferred stock) as it deems appropriate and to establish the rights, preferences and privileges of such shares, including dividends, liquidation and voting rights. The Company currently has 3,356,250 shares of Common Stock outstanding and has authorized the issuance of an additional 2,645,000 shares of Common Stock in contemplation of this Offering. A further 3,625,000 shares of Common Stock have been authorized for the following: (i) 2,300,000 shares issuable upon the exercise of the Class A Warrants being issued as part of this Offering (2,645,000 if the Underwriter's over-allotment option is exercised in full), (ii) 230,000 shares issuable upon the exercise of warrants to purchase one share of Common Stock being issued to the Underwriter, (iii) 700,000 shares for issuance under the Company's 1995 Stock Option and Compensation Plan, of which 338,000 have been granted, and (iv) 50,000 shares of Common Stock issuable upon exercise of Directors' Stock Options. No other class of common stock or preferred stock is currently designated and there is no current plan to designate or issue any such securities. The rights of holders of preferred stock and other classes of common stock that may be issued may be superior to the rights granted to the holders of the Shares. Further, the ability of the Board of Directors to designate and issue such undesignated shares could impede or deter an unsolicited tender offer or takeover proposal regarding the Company and the issuance of additional shares having preferential rights could adversely affect the voting power and other rights of holders of Common Stock. See "Management -- Stock Option and Compensation Plan" and "Description of Securities."

SHARES ELIGIBLE FOR FUTURE SALE

The sale, or availability for sale, of substantial amounts of Common Stock in the public market subsequent to this offering may adversely affect the

prevailing market price of Common Stock and may impair the Company's ability to raise additional capital by the sale of its equity securities. David W. Anderson, Chairman and Chief Executive Officer of the Company, has agreed that he will not sell, grant any option for the sale of, or otherwise dispose of any equity securities of the Company (or any securities convertible into or exercisable or exchangeable for equity securities of the Company) for 365 days after the Effective Date without the prior written consent of the Underwriter. The Company's other executive officers and directors have agreed to be subject to the same restrictions for a period of 180 days. See "Description of Securities -- Shares Eligible for Future Sale." It is expected that 1,356,250 shares of the Company's Common Stock which were sold in reliance on "private placement" exemptions under the Securities Act of 1933, as amended (the "Act") will become eligible for sale as early as fourth quarter 1997. See "Description of Securities -- Shares Eligible for Future Sale."

MINNESOTA ANTI-TAKEOVER LAW

The Company is subject to Minnesota statutes regulating business combinations and restricting voting rights of certain persons acquiring shares of the Company, which may hinder or delay a change in control of the Company. See "Description of Securities."

USE OF PROCEEDS

The net proceeds to be received by the Company from this Offering, after deducting estimated costs and expenses of the Offering, are estimated to be approximately $13,235,000 ($15,253,250 if the Underwriter's over-allotment option is exercised in full). The number of units the Company is able to develop with the proceeds will depend on the per-unit development cost. Per-unit development costs will be affected by: (i) whether the unit is developed on leased or purchased land, (ii) the amount of landlord contributions, if any, and (iii) the mix of developed units among the roadhouse, BBQ & Blues and north woods lodge concepts. The Company estimates the per-unit costs of developing each of its currently contemplated concepts to be as follows:

Roadhouse	$ 800,000 - $1,800,000
BBQ & Blues	$1,500,000 - $2,500,000
North Woods	$1,000,000 - $2,000,000

The Company intends to utilize the proceeds to develop and open as few as five or as many as ten new units. The Company intends to apply the balance of the net proceeds, if any, for working capital purposes.

Pending the use of proceeds as described above, the net proceeds will be invested in short-term, investment-grade, interest-bearing securities.

DILUTION

At June 30, 1996, the Company's net tangible book value was $269,621 or approximately $0.13 per share of Common Stock. "Net tangible book value" represents the tangible assets of the Company less all liabilities. Without

taking into account any further changes in net tangible book value after June 30, 1996, other than to give effect to (i) the sale of all of the Units offered hereby and (ii) the application of the net proceeds therefrom, the proforma net tangible book value as of such date would have been $13,504,621 or approximately $3.14 per share, assuming the Units are sold. This represents an immediate increase to existing shareholders in net tangible book value of approximately $3.01 per share and an immediate dilution to new Shareholders of $3.36 per share. "Dilution" represents the difference between the amount per share paid by purchasers in this Offering and proforma net tangible book value per share of the Common Stock after this Offering. The following table illustrates the dilution in net tangible book value per share to new investors as of June 30, 1996.

		AMOUNT
Public offering price		$6.50
Net tangible book value before offering	$0.13	
Increase in net tangible book value attributable to new investors	3.01	
Proforma net tangible book value after offering		3.14
Dilution in net tangible book value to new investors(1)		$3.36

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(1) The dilution in net tangible book value per share to new investors, assuming the Underwriter's over-allotment option is fully exercised, would be $3.16.

The following tables summarize the differences between the existing shareholders and the new investors with respect to the number of shares of Common Stock purchased from the Company, the total cash consideration paid by each group, and the average cash consideration per share of Common Stock paid by each group (assuming the entire offering price of the Units is allocated to the Common Stock).

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE
	NUMBER	PERCENT	AMOUNT	PERCENT	PER SHARE
Existing Shareholder	2,000,000	35.4%	$ 1,000,000	4.8%	$0.50
Private Placement Investors	1,356,250	24.0%	4,746,875	22.9%	3.50
New Investors	2,300,000	40.6%	14,950,000	72.3%	6.50
Total(1)	5,656,250	100.0%	$20,696,875	100.0%	

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(1) The foregoing table takes into account the July 1996 sale of 1,356,250 shares of Common Stock at $3.50 per share but does not take into consideration: (i) 345,000 Units subject to the Underwriter's over-allotment option; (ii) 230,000 shares of Common Stock issuable upon exercise of the Underwriter's Warrant at 140% of the initial public offering price; (iii) 2,300,000 shares of Common Stock (2,645,000 shares if the Underwriter's over-allotment option is exercised in full) which are issuable upon the

exercise of the Class A Warrants at an exercise price of $8.50 per warrant; (iv) 700,000 shares of Common Stock which are reserved for issuance under the Company's 1995 Stock Option and Compensation Plan, of which 338,000 have been granted; and (v) 50,000 shares of Common Stock issuable upon exercise of directors' stock options at an exercise price of $4.33 per share.

DIVIDEND POLICY

The Company has never declared or paid any cash dividends on its Common Stock, and the Board of Directors presently intends to retain all earnings, if any, for use in the Company's business for the foreseeable future. Any future determination as to declaration and payment of dividends will be made at the discretion of the Board of Directors.

CAPITALIZATION

The following table sets forth the capitalization of the Company as of June 30, 1996, as further adjusted to give effect to the sale of the Units offered hereby and the anticipated application by the Company of the proceeds therefrom. See the Consolidated Financial Statements.

	AT JUNE 30, 1996		
	ACTUAL	PROFORMA(1)	PROFORMA AS ADJUSTED(2)
Long-term debt(3)	$ 251,981	$ 251,981	$ 251,981
Stockholders' equity:			
Common Stock, $.01 par value, 100,000,000 shares authorized, 2,000,000 shares issued and outstanding; 3,356,250 shares proforma; 5,656,250 shares as adjusted	20,000	33,563	56,563
Additional paid-in capital	980,000	5,171,437	18,383,437
Accumulated deficit	(694,392)	(694,392)	(694,392)
Total stockholders' equity	305,608	4,510,608	17,745,608
Total capitalization	$ 557,589	$4,762,589	$ 17,997,589

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(1) Assumes completion on June 30, 1996 of the sale of 1,356,250 shares of Common Stock at $3.50 per share for net proceeds of approximately $4,200,000 which was completed in July 1996.

(2) As adjusted for the sale of the Units offered hereby and the anticipated application of the net proceeds therefrom. Does not include (i) 345,000 Units subject to the Underwriter's over-allotment option; (ii) 230,000 shares of Common Stock issuable upon exercise of the Underwriter's Warrant at 140% of the Price to Public; (iii) 2,300,000 shares of Common Stock which are issuable upon the exercise of the Class A Warrants at an exercise price of $8.50 per warrant; (iv) 700,000 shares of Common Stock reserved for issuance under the Company's 1995 Stock Option and Compensation Plan, of which 338,000 have been issued; and (v) 50,000 shares of Common Stock issuable upon exercise of directors' stock options at an exercise price of $4.33 per share.

(3) Long-term debt does not include capital lease financing which was obtained

in August 1996 for up to $1,100,000 for equipment, furniture, fixtures and leasehold improvements. As of September 30, 1996, approximately $950,000 of the $1,100,000 in lease financing had been funded.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The Company was formed in March 1994 to develop, own and operate American roadhouse-style barbeque restaurants under the name "Famous Dave's Bar-B-Que Shack". The Company opened its first restaurant in the Linden Hills neighborhood of Minneapolis in June 1995. Prior to opening the Linden Hills Unit, the Company had no revenues and its activities were devoted solely to development.

The Company opened its second unit in June 1996 in Roseville, Minnesota, a suburb of Minneapolis/ St. Paul and is presently developing three additional units in the Minneapolis/St. Paul area.

Future revenues and profits, if any, will depend upon various factors, including market acceptance of the Famous Dave's concept, the quality of the restaurant operations, the ability to expand to multi-unit locations and general economic conditions. The Company's present sources of revenue are limited to its Existing Units. There can be no assurances the Company will successfully implement its expansion plans, in which case it will continue to be dependent on the revenues from the Existing Units. The Company also faces all of the risks, expenses and difficulties frequently encountered in connection with the expansion and development of a new and expanding business. Furthermore, to the extent that the Company's expansion strategy is successful, it must manage the transition to multiple site operations, higher volume operations, the control of overhead expenses and the addition of necessary personnel.

At January 1, 1996, the Company elected a fiscal year ending on the Sunday nearest December 31. Prior to January 1, 1996, the Company used a fiscal year ending on December 31.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1995 AND FOR THE TWENTY SIX WEEKS ENDED JUNE 30, 1996

The Company had no revenues or operations during the period from March 14, 1994 (Inception) to June 19, 1995 (the opening of the Linden Hills Unit). Accordingly, comparisons with periods prior to June 19, 1995 are not meaningful.

Total Revenues -- The Linden Hills Unit opened in June 1995. The Roseville Unit opened in June 1996. For the year ended December 31, 1995, the Company had total sales of $481,510 compared with $1,015,856 for the 26 weeks ended June 30, 1996. Sales increases are largely attributed to increased guest counts and the June 1996 opening of the Roseville Unit.

Costs and Expenses -- For the year ended December 31, 1995, the Company had a net loss of $306,190 compared with a net loss of $388,202 for the 26 weeks ended June 30, 1996. The net loss for each period is largely attributable to additional expenses incurred as the Company increases its Corporate overhead structure for the development of additional locations supported by revenues from primarily a single operating unit. On March 4, 1996, the Company entered into employment agreements with two of its executive officers requiring the payment of annual compensation totaling $200,000 per year. On August 12, 1996, the Company entered into an employment agreement with an executive officer providing

for a base annual salary of $125,000 per year plus bonuses. These agreements will impact general and administrative expenses on an ongoing basis.

Results of the Linden Hills Unit -- The following table sets forth the unit level results from the Company's Linden Hills Unit. Unit level results include food and beverage costs, unit operating expenses and unit level

depreciation and amortization, but do not include any portion of the Company's general, administrative and development expenses or any allocation of interest expense.

	PERIOD FROM COMMENCEMENT OF OPERATIONS (JUNE 19, 1995) TO DECEMBER 31, 1995		26 WEEKS ENDED JUNE 30, 1996	
	AMOUNT	PERCENT	AMOUNT	PERCENT
Sales	$481,510	100.0%	$778,968	100.0%
Food and beverage costs	169,789	35.3	256,336	32.9
Gross profit	311,721	64.7	522,632	67.1
Operating expenses	302,217	62.8	305,006	39.2
Depreciation and amortization	17,009	3.5	16,760	2.2
Unit level income (loss)	$ (7,505)	(1.6)%	$200,866	25.7%

During the period from the commencement of Linden Hills operations (June 19, 1995) to December 31, 1995, food and beverage costs were $169,789 or 35.3% of sales compared with $256,336 or 32.9% of sales for the June 30, 1996 period. The improvement in food and beverage costs as a percentage of sales is due primarily to improved operating efficiencies.

Restaurant operating expenses were $302,217 or 62.8% of sales during the period from the commencement of Linden Hills operations (June 19, 1995) to December 31, 1995 compared to $305,006 or 39.2% of sales during the 26 weeks ended June 30, 1996. This improvement in restaurant operating expenses as a percentage of sales is due primarily to improved labor management and other operating efficiencies and increased sales.

Although no assurances can be given, management believes that the Linden Hills Unit's current level of sales, trained workforce and general operational improvements will improve unit level income in future periods.

LIQUIDITY AND CAPITAL RESOURCES

The Company has met its capital requirements through revenues from operations, the sale of Common Stock to and borrowings from its sole shareholder, David W. Anderson, and the private placement of debt and common stock. During the period from March 14, 1994 (Inception) through December 31, 1995, the Company sold to Mr. Anderson 2,000,000 shares of Common Stock at $.50 per share. Pursuant to the subscription agreement relating to such purchase,

payments were made totaling $425,270 during part-year 1994 and $574,730 during the year ended December 31, 1995. Additionally, the Company entered into a revolving promissory note with Mr. Anderson allowing for advances of up to $2,000,000. As of June 30, 1996, the Company had outstanding advances totaling $359,349 under this arrangement. This note was paid in full in August 1996.

In July 1996, the Company completed a private placement of 1,356,250 shares of Common Stock at $3.50 per share. The net proceeds to the Company were approximately $4.2 million. Such proceeds have been, and will be, used for additional unit development and working capital.

For the year ended December 31, 1995, the Company used $227,069 in cash flow for operating activities and during the 26 weeks ended June 30, 1996, the Company used $163,899 in cash flow for operating activities.

Since Inception, the Company's principal capital requirements have been the funding of (i) the development of the Company and the Famous Dave's concept, (ii) the construction of the Linden Hills and Roseville Units and the acquisition of the furniture, fixtures and equipment therein and (iii) towards the development of additional units as described below. Total capital expenditures for the Linden Hills and Roseville Units were approximately $425,000 and $1,110,000, respectively.

The Company is developing additional restaurants in the Minneapolis/St. Paul area. The Company had incurred approximately $995,000 in the development of these units as of June 30, 1996. When completed, the Company estimates that capital expenditures for these additional units will be approximately $6 million. The units are expected to be complete by the first half of 1997.

In addition to construction in progress, the Company has capitalized approximately $39,000 of direct costs relating to the Roseville Unit and units under construction. It is the Company's policy to amortize the direct costs of hiring and training the initial work force and other direct costs associated with opening a new Unit over a twelve-month period, beginning when the facility is opened, if the recoverability of such costs can be reasonably assured. Accordingly, initial costs related to the Linden Hills Unit were expensed as incurred due to the developmental nature of the Unit.

In August 1996, the Company secured access to $1,100,000 of capital lease financing. This lease financing will be used for equipment, furniture, fixtures and leasehold improvements. As of September 30, 1996, approximately $950,000 of the $1,100,000 in lease financing had been funded.

After the completion of these expansion plans, future development and expansion will be financed through cash flow from operations and other forms of financing such as the sale of additional equity and debt securities, capital leases and other credit facilities. There are no assurances that such financing will be available on terms acceptable or favorable to the Company.

BUSINESS

OVERVIEW

The primary business of the Company is to develop, own and operate American roadhouse-style barbeque restaurants under the name "Famous Dave's Bar-B-Que

Shack." The Company presently owns and operates three restaurants, one located in the Linden Hills neighborhood of Minneapolis (the "Linden Hills Unit"), one in Roseville, Minnesota (the "Roseville Unit") and the third in Calhoun Square in Minneapolis (the "Calhoun Blues Joint" and, collectively with the Linden Hills and Roseville Units, the "Existing Units"). The Calhoun Blues Joint opened in early September 1996, and features live blues music during certain evenings and an authentic Chicago blues decor. The Company is developing three additional restaurants: in Minnetonka, Minnesota, on West 7th Street near the Highland Park area of St. Paul, Minnesota and in Maple Grove, Minnesota. These last three units are expected to open during the first half of 1997.

THE FAMOUS DAVE'S CONCEPT AND STRATEGY

Concept Development

The Company was founded by David W. Anderson in March 1994. As a cooking enthusiast, Mr. Anderson has spent more than 20 years analyzing seasonings, barbeque sauces, rib recipes, cooking techniques and equipment in the development of his barbeque. In addition, Mr. Anderson has traveled extensively throughout the United States, visiting hundreds of barbeque restaurants for the purposes of researching regional tastes, ambiance, decor, menu development, plate presentation, and restaurant design before opening his first restaurant in Hayward, Wisconsin in June 1994 (the "Hayward Facility"). The Hayward Facility, which is part of a larger resort complex, is not owned by the Company but by a company wholly-owned by David W. Anderson.

Famous Dave's concept was developed around favorable memories associated with backyard barbecues. In identifying a potential market niche, Mr. Anderson has studied the development of certain restaurants that have capitalized on the growing trend of home replacement meals taking the place of home cooked meals. The Company hopes to capitalize on this trend, both for dine-in and take-out meals. The Company believes that the comfortable, appealing decor of its restaurants and the universal appeal of down-home cooking and barbecue will be significant advantages in its attempts to penetrate this niche market.

Competitive Differentiation

On a national scale, the Company believes that it faces two major competitors, Tony Roma's and Damon's. Both restaurant chains feature baked, as opposed to pit smoked, ribs on a white platter. The Company believes that the setting of such restaurants is more formal and has a masculine ambiance.

Famous Dave's specializes in real hickory pit smoked barbeque served in colorful picnic-style baskets in a themed roadhouse-style restaurant with a warm and inviting family atmosphere.

The Menu

The Company's primary focus is its food. The Company's mission is to deliver the best barbeque in America. Each restaurant features a limited assortment of menu items, such as hickory-smoked St. Louis-style spareribs, Texas beef brisket, herb-roasted chicken, barbeque sandwiches, and char-grilled burgers, as well as honey-buttered corn bread, potato salad, cole slaw and "Wilbur"(TM) beans. Homemade desserts, including Famous Dave's bread pudding, Kahlua(TM) brownies and strawberry shortcake, are a specialty. The Company's Famous Dave's BBQ Sauces, which are provided in four regional variations (Rich-N-Sassy(TM), Texas Pit(TM), Georgia Mustard(TM) and Hot Stuff(TM)), represent signature items of the Company. The Company's Rich-N-Sassy(TM) Famous Dave's BBQ Sauce was awarded first place in the mild tomato division of the 1995 Kansas City American Royal Barbeque Contest.

Lunch entrees range from $6 to $8 and dinner entrees from $10 to $12. The average guest check for the five-week period ending September 29, 1996 was approximately $11 per person. Food portions are generous to

increase the perceived value. Management believes that the Company's food, together with each restaurant's distinctive decor, have resulted in a high level of repeat business. Presently, approximately 34% of the Company's business is take-out at the Linden Hills Unit.

The Company intends to obtain a beer and wine license for most of its restaurants, with the intention that such beverages will be served along with meals. The Company does not intend to emphasize sales of beer and wine apart from meals in most of its restaurants, primarily because the Company feels that it reduces the number of table turns and therefore profitability. In addition to a beer and wine license, the Company has obtained a liquor license for the Calhoun Blues Joint.

Awards and Recognition

The Company's food and restaurants have won the following awards during the past year:

First place (mild tomato category)
American Royal Barbeque Contest
Kansas City, Missouri
October 1995

Best Bar-B-Que Joint
Mpls/St. Paul Magazine
January 1996

1996 Diner's Choice Award
Best New Restaurant
Mpls/St. Paul Magazine
April 1996

Best Ribs
Critic's Choice Award
Minnesota Monthly
May 1996

First Place Award,
Best Barbeque Beef Brisket
Rib Buddies Cookoff
St. Paul, Minnesota
May 1996

In addition, Governor Arne Carlson of Minnesota proclaimed Wednesday, September 4, 1996, to be "Famous Dave's BBQ & Blues Day," to coincide with the Grand Opening of the Calhoun Blues Joint.

Food Preparation and Delivery

The Company believes that ease of food preparation and delivery will be one key to its success. While some restaurants require highly compensated and extensively trained chefs, the food served at each restaurant is prepared in a basic three-step process that requires minimal training time. Mr. Anderson has developed prepared seasonings, sauces, bread mixes and other ingredients, which allow each menu item to be served with minimal preparation. The Company views this efficient and effective process as critical for its national expansion.

Focus on Customer Satisfaction

The Company is committed to staffing each unit with an experienced management team and providing its customers with prompt, friendly and efficient service. The customer's experience is also enhanced by the attitude and attention of restaurant personnel. The Company recognizes that, in order to

maintain a high level of repeat customers and to attract new business, it must provide superior customer service.

Famous Dave's maintains a mission statement that its goal is to strive for "delighted" guests rather than just "satisfied" guests. The Company believes that a customer establishes his or her opinion within the first seven seconds. To this end, the Company has focused its property development to maximize first impressions of sight, smell, sound, and feel. The Company accomplishes this through the wonderful smell of hickory-smoked barbeque, the lively sounds of juke joint blues music, the colorful and nostalgic decor, and the varied textures of rough cut pine, corrugated tin roofs, and antiques.

Distinctive Roadhouse Decor

The Linden Hills and Roseville Units are "real" barbeque joints, reminiscent of the old country-style roadhouse barbeque "joints" that dotted rural America 50 years ago. The Company's nostalgic roadside shack theme is promoted by the use of antiques and items of Americana from the '20s and '30s in a rustic environment. The weathered barn wood walls, cozy, antique-filled Southern country shack decor, overhead tin roofing and blues tunes in the air are intended to convey the feeling of a down-home backyard barbeque.

Each restaurant table is covered with a red and white checkered oilcloth and features salt, pepper and barbeque sauces stored in a six-pack beer container. A large roll of paper towels accompanies every meal.

The Blues Component

The roadhouse theme is further enhanced by the use of blues music which, together with the restaurant's decor, provides an entertaining dining environment. Each restaurant features taped blues music that contributes to the roadhouse theme. Mr. Anderson's attention to detail includes personal selection of all music that is played in the restaurants. In addition, the Company's Blues Joint features live blues music featuring the Famous Dave's Blues All-Stars (the "Blues Band"). The Company believes that the Blues Band, which will have music on CD's available for sale at each restaurant, will provide significant marketing exposure for the Company.

PROPERTY AND UNIT LOCATIONS

The following table sets forth certain information about the Company's existing and planned restaurants:

LOCATION	APPROXIMATE SQUARE FOOTAGE	APPROXIMATE RESTAURANT SEATS	THEME	DATE OPENED OR PLANNED TO BE OPENED
Linden Hills..... Minneapolis, MN	2,900	60 + 40 patio seats	Roadhouse	June 1995
Roseville, MN.....	4,800	100	Roadhouse	June 1996
Calhoun Square..... Minneapolis, MN	10,500	250	BBQ & Blues	September 1996
Maple Grove, MN.....	4,800	80-90	Roadhouse	Spring 1997
Highland Park..... St. Paul, MN	4,800	80-90	Roadhouse	Spring 1997
Minnetonka, MN.....	9,000	150-200	North woods lodge	Spring 1997

The following units are leased or subleased from S&D Land Holdings, Inc., ("S&D") a Minnesota corporation wholly-owned by David W. Anderson, the Company's Chairman and Chief Executive Officer, pursuant to the following terms:

1. Linden Hills. The Linden Hills site contains approximately 2,900 square feet of restaurant space, including the patio area. The site is subject to a lease from S&D effective January 1, 1996 for a 10-year term with base rent of $48,800 per year with annual increases based upon increases in the consumer price index ("CPI"). The Company also has the right to extend the term for two five-year periods. In addition to base rent, the Company is responsible for the payment of all operating costs and real estate taxes.

2. Roseville. S&D is the tenant under an Agreement of Lease and Agreement Concerning Sublease (collectively, "Lease"). S&D has subleased the Roseville site to the Company effective January 1, 1996 for $82,200 per year with annual increases based upon increases in the CPI. The initial term under the Sublease is seven years. The Company has the right to extend the term for an additional five-year period. Should the Company so elect to extend, the Company is obligated to pay percentage rent of 1% of gross sales as additional rent. The improvements located on the site may revert to the landlord at the termination of the Sublease. Assignment or subletting of any interest in the Sublease requires the prior written approval

of the landlord. In addition to base rent and percentage rent, the Company is responsible for the payment of all operating costs and real estate taxes.

3. Minnetonka. The Minnetonka site is a former restaurant located on approximately 2.3 acres of land. The Minnetonka site has been leased effective January 15, 1996 from S&D for a 10-year term with base rent of $124,129 per year with annual increases based upon increases in the CPI. The Company has the right to extend the term for two five-year periods. The Company has the right to develop and/or remodel the existing building with the prior written consent of S&D. In addition to base rent, the Company is responsible for the payment of all operating costs and real estate taxes.

4. Highland Park. The Highland Park site contains approximately 2.3 acres of vacant land and was leased from S&D effective January 1, 1996 for a 10-year term with base rent of $44,900 per year with annual increases based upon increases in the CPI. The Company also has the right to extend the term for two five-year periods. The lease allows the Company to develop the site as a restaurant at the Company's cost and with the prior written consent of S&D. In addition to base rent, the Company is responsible for the payment of all operating costs and real estate taxes.

The above-mentioned leases are non-cancelable by the Company. The Company or a subsidiary also has entered into leases or subleases for the following properties:

5. Calhoun Square -- Lake and Hennepin BBQ & Blues, Inc., a Minnesota corporation and a wholly-owned subsidiary of the Company ("LHBB") has entered into a lease for the Calhoun Square site with Calhoun Square Associates dated January 5, 1996. The lease runs for a term of 15 years and LHBB has the right to extend the term for two five-year periods. LHBB is obligated to pay base rent of $13,293 per month plus percentage rent of 5% of gross sales over $3,190,320. In addition to base rent and percentage rent, the Company is responsible for the payment of its pro-rata share of operating costs and real estate taxes.

6. Corporate Office -- The Company has assumed a lease effective as of August 31, 1996 for 7,800 square feet of office/warehouse space at 12700 Industrial Park Boulevard in Plymouth, Minnesota. Rent payments due under the lease are $3,951 per month, which exclude prorations for operating expenses and real

estate taxes. The lease terminates on August 31, 1998.

The Hayward Facility, which is part of a larger resort complex, is not owned by the Company but by a company wholly-owned by David W. Anderson. See "Business -- The Famous Dave's Concept and Strategy -- Concept Development."

EXPANSION STRATEGY

The Company intends to identify sites to locate its restaurants based on a variety of factors including local market demographics, site viability, competition and projected economics of each unit. Initial plans are to continue to identify and finalize future site opportunities in the Minneapolis/St. Paul area via land purchases, building and land purchases, land leases and building and land leases. The Company believes the Minneapolis/St. Paul area can support up to approximately 10 units, and expects to open at least three additional units in the Minneapolis/St. Paul area in 1997.

Simultaneously, the Company intends to predominantly target additional major metropolitan markets to broaden and enhance the recognition value of the concept. Specific cities for expansion will be identified and analyzed as to potential compatibility with the concept.

OPERATIONS, MANAGEMENT AND EMPLOYEES

The Company's ability to manage multi-location units will be central to its overall success. The Company's management has very limited restaurant and multi-unit restaurant experience. See "Risk Factors -- Limited Management Experience/Need for Additional Management." The Company believes that its management must include skilled personnel at all levels. The Company also intends to hire other corporate level and management employees to help implement and operate its expansion plans, including a chief operating officer with significant multi-unit restaurant experience. At the unit level, the Company places

specific emphasis on the position of general manager ("General Manager") and seeks employees with significant restaurant experience and management expertise. The General Manager of each restaurant reports directly to the President. The Company strives to maintain quality and consistency in each of its units through the careful training and supervision of personnel and the establishment of, and adherence to, high standards relating to personnel performance, food and beverage preparation, and maintenance of facilities. The Company believes that it has been able to attract high quality, experienced restaurant and retail management and personnel with its competitive compensation and bonus programs. Staffing levels vary according to the time of day and size of the restaurant. In general, each unit has between 30 and 50 employees.

All managers must complete a training program, during which they are instructed in areas such as food quality and preparation, customer service, and employee relations. The Company has also prepared operations manuals relating to food and beverage quality and service standards. New staff members participate in approximately three weeks of training under the close supervision of Company management. Management strives to instill enthusiasm and dedication in its employees, regularly solicits employee suggestions concerning Company operations, and endeavors to be responsive to employees' concerns. In addition, the Company has extensive and varied programs designed to recognize and reward

employees for superior performance. As of September 22, 1996, the Company had approximately 300 employees, 60 of which were full-time. The Company believes that its relationship with its employees is good.

PURCHASING

The Company strives to obtain consistent quality items at competitive prices from reliable sources. Any discontinuance of such favorable pricing could negatively impact the Company's purchasing abilities. In order to maximize operating efficiencies and to provide the freshest ingredients for its food products while obtaining the lowest possible prices for the required quality, each unit's management team determines the daily quantities of food items needed and orders such quantities from major suppliers at prices often negotiated directly with the Company's corporate office. Food and supplies are shipped directly to the restaurants, although the Company may develop a centralized food preparation commissary. The Company purchases perishable food products locally.

MARKETING AND PROMOTION; THE RIBMOBILE

To date, the Company has relied primarily upon advertising, publicity and "word of mouth" advertising to attract customers to its restaurants. The Company also utilizes distinctive exterior signage and off-site billboards. In addition, the Company has attempted to create equity in its "Famous Dave's" name by offering items such as Famous Dave's Bar-B-Que sauces for retail sale at its restaurants and in approximately 50 grocery stores in the Twin Cities area. The Company also sells T-shirts, caps and sweatshirts bearing its logo in its restaurants.

The Company utilizes the Famous Dave's Ribmobile to participate in local rib festivals and barbeque contests. The Company currently participates in seven or eight "ribfests" a year. The Company has found that such festivals and concepts result in favorable publicity.

TRADEMARKS

The Company's ability to successfully implement its Famous Dave's concept will depend in part upon its ability to protect its trademarks. The Company has filed a trademark application with the United States Patent and Trademark Office to register the mark "Famous Dave's" and design. There can be no assurance that the Company will be granted trademark registration for any or all of the proposed uses in the Company's applications. In the event the Company's mark is granted registration, there can be no assurance that the Company can protect such mark and design against prior users in areas where the Company conducts operations. There is no assurance that the Company will be able to prevent competitors from using the same or similar marks, concepts or appearance.

LEGAL PROCEEDINGS

The Company is not a party to any material litigation and is not aware of any threatened litigation that would have a material adverse effect on its business.

COMPETITION

The food service industry is intensely competitive with respect to food quality, concept, location, service and price. In addition, there are many well-established food service competitors with substantially greater financial and other resources than the Company and with substantially longer operating histories. The Company believes that it competes with other full-service dine-in restaurants, take-out food service companies, fast-food restaurants, delicatessens, cafeteria-style buffets, and prepared food stores, as well as with supermarkets and convenience stores. Competitors include national,

regional, and local restaurants, purveyors of carry-out food, and convenience dining establishments.

Primary national and regional competitors of the Company include such other "family-oriented" comparable restaurants as Applebee's, TGI Friday's, Chili's, Ground Round, Bennigan's and barbeque-related restaurants such as Tony Roma's, Red Hot & Blue, Damon's and Sonny's. The Company believes that it can effectively compete in this market by offering superior food taste, an attractive highly-themed family atmosphere, and superior ambiance provided by carefully chosen blues music and an "open kitchen" smell of real barbeque.

Competition in the food service business is often affected by changes in consumer tastes, national, regional, and local economic and real estate conditions, demographic trends, traffic patterns, the cost and availability of labor, purchasing power, availability of product, and local competitive factors. The Company attempts to manage or adapt to these factors, but it should be recognized that some or all of these factors could cause the Company to be adversely affected.

In addition, to the extent that barbeque restaurants are frequently viewed as "local," the Company may experience intense competition or lack of consumer acceptance if it expands into areas with existing barbeque restaurants.

REGULATION

Restaurants are subject to licensing and regulation by state and local health, sanitation, safety, fire, and other authorities and are also subject to state and local licensing and regulation of the sale of alcoholic beverages and food. Difficulties in obtaining or failure to obtain required licenses and approvals will result in delays in, or cancellation of, the opening of restaurants. The food and liquor licenses are also subject to suspension or non-renewal if the granting authority determines that the conduct of the holder does not meet the standards for initial grant or renewal. The Company believes that it is in compliance with all licensing and other regulations.

The federal Americans With Disabilities Act prohibits discrimination on the basis of disability in public accommodations and employment. The Company could be required to expend funds to modify its restaurants in order to provide service to or make reasonable accommodations for disabled persons. The Company's restaurants are currently designed to be accessible to the disabled. The Company believes it is in substantial compliance with all current applicable regulations relating to accommodations for the disabled.

MANAGEMENT

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth certain information with respect to each of the directors and executive officers of the Company.

NAME	AGE	POSITION(S) HELD

David W. Anderson.....	42	Chairman of the Board and Chief Executive Officer
William L. Timm.....	36	President
Mark A. Payne.....	37	Vice President, Finance, Chief Financial Officer, Secretary and Treasurer
Martin J. O'Dowd.....	48	Director
Thomas J. Brosig.....	47	Director

David W. Anderson, founder of the Company, has been the Chairman of the Board since its formation. Mr. Anderson is also a founder and a director of Rainforest Cafe, Inc. In October 1990, Mr. Anderson co-founded Grand Casinos, Inc. and through March 1996 served as a director and Executive Vice President.

William L. Timm has been President of the Company since March 1996. From February 1987 to December 1995, Mr. Timm was a self-employed, independent contractor working as a National Marketing Director for National Safety Associates International, Inc., an international distribution network of consumer products, including water and air filtration systems and nutritional products. In this position, Mr. Timm was appointed to the Executive President's Advisory Council as one of the top 1% earners for National Safety Associates.

Mark A. Payne has been Vice President, Finance, Chief Financial Officer, Secretary and Treasurer since August 1996. Previously, and since August 1995 he was Senior Vice President, Business Development and Acquisitions of ValueVision International, Inc., a television home shopping network. Prior to that and since December 1990, he served as Vice President, Finance and Chief Financial Officer at ValueVision.

Martin J. O'Dowd has been a director of the Company since August 1996. Since May 1995, Mr. O'Dowd has served as President and Chief Operating Officer of Rainforest Cafe, Inc. In June 1995 he became a director and Secretary of Rainforest Cafe, Inc. From July 1987 to May 1995, Mr. O'Dowd was Corporate Director, Food and Beverage Services, for Holiday Inn Worldwide. From August 1985 to July 1987, Mr. O'Dowd was Vice President and General Operations Manager for the Hard Rock Cafe in New York. Mr. O'Dowd is also a director of Elephant & Castle Group, Inc.

Thomas J. Brosig has been a director of the Company since August 1996. Since August 1994, Mr. Brosig has served as Executive Vice President - Investor Relations and Special Projects of Grand Casinos, Inc. From its inception until May 1995, Mr. Brosig served as Secretary of Grand Casinos, Inc., and from May 1993 until August 1994, Mr. Brosig served as its President. Mr. Brosig also served as Grand Casinos, Inc.'s Chief Operating Officer from October 1991 until May 1993, and as its Chief Financial Officer from its inception until January 1992. Mr. Brosig is also a director of G-III Apparel Group Ltd., a manufacturer and distributor of leather apparel, and Game Financial, Inc., which provides funds transfer services to casino customers.

EXECUTIVE COMPENSATION

The following table sets forth all cash and non-cash compensation paid by the Company for the period from March 14, 1994 (Inception) through December 31, 1995 to the Company's executive officer:

	ANNUAL COMPENSATION	LONG-TERM COMPENSATION

NAME OF INDIVIDUAL	POSITION	SALARY	OTHER ANNUAL COMPENSATION	AWARD OPTIONS GRANTED
David W. Anderson.....	Chairman of the Board and Chief Executive Officer	$0	$0	--

EMPLOYMENT AGREEMENTS

David W. Anderson has been retained pursuant to a two-year employment agreement dated as of March 4, 1996, subject to early termination for variety of reasons, including voluntary termination by Mr. Anderson. Mr. Anderson will receive a base salary of $100,000 per year during the first year of employment, and such subsequent amounts as may be determined by the Company's Board of Directors. Such agreement also provides that Mr. Anderson will receive six months' severance if terminated by the Company for a reason other than "cause," as defined therein. Mr. Anderson will also receive medical, dental and other customary benefits. The employment agreement provides that Mr. Anderson will not compete with the Company for two years if he resigns or is terminated for cause.

William L. Timm has been retained pursuant to a two-year employment agreement dated as of March 4, 1996, subject to early termination for a variety of reasons. Mr. Timm will receive a base salary of $100,000 during the first year of employment and such subsequent amounts as may be determined by the Company's Board of Directors. Such agreement also provides that Mr. Timm will receive six months' severance if terminated by the Company for a reason other than "cause," as defined therein. Mr. Timm will also receive medical, dental and other customary benefits. The employment agreement provides that Mr. Timm will not compete with the Company for two years if he resigns or is terminated for cause.

Mark A. Payne has been retained pursuant to a three-year employment agreement dated as of August 12, 1996, subject to early termination for a variety of reasons. Mr. Payne will receive a base salary of $125,000 during the first year of employment and such subsequent amounts as may be determined by the Company's Board of Directors. Mr. Payne will also receive $25,000 upon the closing of the Company's initial public offering. Such agreement also provides that Mr. Payne will receive six months severance if terminated by the Company for a reason other than "cause," as defined therein, within the first year of his employment and 12 months severance if terminated by the Company for a reason other than cause after the first year of employment. Mr. Payne will also receive medical, dental and other customary benefits. The employment agreement provides that Mr. Payne will not compete with the Company for two years if he resigns or is terminated for cause.

The Company intends to retain other management employees pursuant to employment and consulting agreements. The Company intends to offer stock options to such employees. The Company has no current plans to pay cash compensation to its directors.

STOCK OPTION AND COMPENSATION PLAN

The Company has reserved for issuance 700,000 shares of Common Stock pursuant to its 1995 Stock Option and Incentive Compensation Plan (the "Stock Option Plan"). As of the date of this Prospectus, the Company has granted an aggregate of 338,000 options, 167,500 of which were granted subsequent to June

30, 1996.

The Plan is administered by a stock option committee (the "Stock Option Committee") which has the discretion to determine the number and purchase price of shares subject to stock options (which price may not be below 85% of the fair market value of the Common Stock on the date granted), the term of each option, and the time or times during its term when the option becomes exercisable.

For a one-year period following the Effective Date, the Company will not grant options to promoters, employees or affiliates of the Company which, together with options previously granted to such persons, would in the aggregate exceed 15% of the then outstanding shares of Common Stock.

BOARD OF DIRECTORS

Each of the Company's directors has been elected to serve until the next annual meeting of shareholders. The Company's executive officers are appointed annually by the Company's directors. Each of the Company's directors continues to serve until his or her successor has been designated and qualified. Directors currently receive no fees.

DIRECTOR STOCK OPTIONS

As of the Effective Date, the Company granted options to acquire an aggregate of 50,000 shares of Common Stock at an exercise price of $4.33 per share to Messrs. O'Dowd and Brosig, the Company's two outside directors. These options vest on a pro-rata basis on the first, second and third anniversaries of the Effective Date and are exercisable for ten years from the date of grant.

CERTAIN TRANSACTIONS

On January 1, 1996, the Company transferred the real estate, excluding improvements, of its Linden Hills Unit and the site of the proposed unit in the Highland Park area of St. Paul, Minnesota to David W. Anderson, Chairman and Chief Executive Officer of the Company, in exchange for amounts due to Mr. Anderson and assumption of bank debt totaling $781,023. These properties were transferred to Mr. Anderson at the Company's cost which, due to the short amount of time which elapsed between the transfer and the Company's original acquisition, the Company believes approximated the fair market values of the real estate exchanged. Mr. Anderson concurrently transferred the real estate to S&D Land Holdings, Inc. ("S&D"), a Minnesota company wholly owned by Mr. Anderson, and entered into leases with the Company for such real estate. See Note (7) to the Consolidated Financial Statements. The Company also leases the Roseville Unit and the real estate for the Minnetonka Unit from S&D. The Company does not currently intend to enter into any additional leases with S&D. See "Business -- Property and Unit Locations."

The Company has a $2,000,000 revolving note with David W. Anderson. The note bears interest at 8%, is unsecured and due on demand. The outstanding balance on the note was $359,349 at June 30, 1996. This note was paid in full in August 1996.

Pursuant to a license and trademark agreement between the Company and Grand Pines Resort, Inc., a Minnesota corporation wholly-owned by David W. Anderson ("Grand Pines"), the Company licenses its trademarks and recipes to Grand Pines in exchange for a 4% annual royalty fee on gross food sales. Also, pursuant to a management agreement between the Company and Grand Pines Resort, Inc., the

Company has agreed to provide certain management services relative to the Hayward Facility in exchange for a fee of 3% of gross food sales.

It is the Company's belief that each transaction referred to in this section was on terms no less favorable to the Company than could have been obtained from non-affiliated parties. Any future transactions and loans with officers, directors or 5% shareholders of the Company's Common Stock will be on terms no less favorable to the Company than could be obtained from unaffiliated third parties. All future material affiliated transactions and loans, and any forgiveness of loans, must be approved by a majority of the independent outside members of the Company's Board of Directors who do not have an interest in the transactions.

PRINCIPAL SHAREHOLDERS

There are presently 100,000,000 shares of the Company's Common Stock authorized, of which 3,356,250 shares are issued and outstanding. The following table sets forth certain information regarding beneficial ownership of the Company's Common Stock as of the date of this Prospectus, as adjusted to give effect to the issuance of the securities offered hereby, by (i) each person known by the Company to be the beneficial owner of more than 5% of the outstanding Common Stock, (ii) each director of the Company, (iii) each executive officer of the Company, and (iv) all executive officers and directors of the Company as a group. See "Description of Securities -- Conversion of Notes." Unless otherwise indicated, each of the following persons has sole voting and investment power with respect to the shares of Common Stock set forth opposite their

respective names. The address of directors and executive officers is 12700 Industrial Boulevard, Suite 60, Minneapolis, Minnesota 55441.

NAME	SHARES OF COMMON STOCK	PERCENT	
		PRIOR TO OFFERING	AFTER OFFERING(1)
David W. Anderson	2,000,000(2)	59.6%	35.4%
William L. Timm	600,000(3)	17.9	10.6
Mark A. Payne	25,000(4)	0.7	0.4
Martin J. O'Dowd	13,000	0.4	0.2
Thomas J. Brosig	20,000	0.6	0.4
OKABENA Partnership K	292,750(5)	8.7	5.2
All officers and directors as a group (5 persons)	2,058,000	60.9	36.4

(1) Does not include any Shares that may be purchased in the offering by the listed persons.

(2) Owned in joint tenancy with his spouse, Kathryn Anderson. Includes 100,000 shares owned by Grand Pines Resorts, Inc., a corporation wholly-owned by Mr. Anderson. 600,000 of such Shares are subject to an option to purchase for $1.00 per share held by William L. Timm, the Company's President. Such options vest over a five-year period in equal increments beginning March 1, 1997. Giving effect to such options, Mr. Anderson's percentage ownership would be 41.7% prior to the offering and 26.1% after the offering.

(3) Includes 600,000 shares beneficially owned by David W. Anderson subject to an option held by Mr. Timm to purchase for $1.00 per share. Such options vest over a five-year period in equal increments beginning March 1, 1997.

(4) Represents shares issuable upon exercise of stock options to be vested on the Effective Date that will be exercisable within 60 days. Does not include 100,000 shares pursuant to options granted to Mr. Payne on August 12, 1996 which vest and become exercisable ratably over a four-year period.

(5) Includes 10,000 shares owned by Gary S. Kohler, an affiliate. The address of both such persons is 5140 Norwest Center, 90 South Seventh Street, Minneapolis, Minnesota 55402. None of the Partnership nor any person who may be deemed to be an ultimate beneficial owner of the shares held by the Partnership is otherwise affiliated with the Company, the Underwriter or any of their affiliates.

DESCRIPTION OF SECURITIES

UNITS

Each Unit offered hereby consists of one share of Common Stock and one redeemable Class A Warrant. Warrants are immediately exercisable and, commencing ten trading days after the Effective Date, separately transferable from the Common Stock. Each Class A Warrant entitles the holder to purchase at any time, until the earlier of redemption by the Company or four years following the Effective Date, one share of Common Stock at an exercise price of $8.50 per warrant, subject to adjustment.

CAPITAL STOCK

The Company's authorized capital stock consists of 100,000,000 undesignated shares, $.01 par value per share in the case of Common Stock, and a par value as determined by the Board of Directors in the case of Preferred Stock. After the closing of this Offering, there will be issued and outstanding 6,001,250 shares of Common Stock (if the Underwriter's over-allotment option is exercised in full).

COMMON STOCK

There are no preemptive, subscription, conversion or redemption rights pertaining to the Common Stock. The absence of preemptive rights could result in a dilution of the interest of existing shareholders should additional shares of Common Stock be issued. Holders of the Common Stock are entitled to receive such dividends as may be declared by the Board of Directors out of assets legally available therefor, and to share ratably in the assets of the Company available upon liquidation.

Each share of Common Stock is entitled to one vote for all purposes and cumulative voting is not permitted in the election of directors. Accordingly, the holders of more than 50% of all of the outstanding shares of Common Stock can elect all of the directors. Significant corporate transactions such as amendments to the articles of incorporation, mergers, sales of assets and dissolution or liquidation require approval by the affirmative vote of the majority of the outstanding shares of Common Stock. Other matters to be voted upon by the holders of Common Stock normally require the affirmative vote of a majority of the shares present at the particular shareholders' meeting. The

Company's directors and officers as a group beneficially own approximately 60.9% of the outstanding Common Stock of the Company. Upon completion of this Offering, such persons will beneficially own approximately 36.4% of the outstanding shares (34.3% if the Underwriter's over-allotment option is exercised in full). See "Principal Shareholders." Accordingly, such persons will continue to be able to substantially control the Company's affairs, including, without limitation, the sale of equity or debt securities of the Company, the appointment of officers, the determination of officers' compensation and the determination whether to cause a registration statement to be filed. There are 119 holders of record of the Company's Common Stock as of the date of this Prospectus.

The rights of holders of the shares of Common Stock may become subject in the future to prior and superior rights and preferences in the event the Board of Directors establishes one or more additional classes of Common Stock, or one or more additional series of Preferred Stock. The Board of Directors has no present plan to establish any such additional class or series.

CLASS A WARRANTS

The Class A Warrants included as part of the Units being offered hereby will be issued under and governed by the provisions of a Warrant Agreement (the "Warrant Agreement") between the Company and Norwest Bank Minnesota, N.A., as Warrant Agent (the "Warrant Agent"). The following summary of the Warrant Agreement is not complete, and is qualified in its entirety by reference to the Warrant Agreement, a copy of which has been filed as an exhibit to the Registration Statement of which this Prospectus is a part.

Commencing ten days after the Effective Date, the shares of Common Stock and the Class A Warrants offered as part of the Units will be detachable and separately transferable. One Class A Warrant entitles the holder ("Warrantholder") thereof to purchase one share of Common Stock during the four years following

the Effective Date, subject to earlier redemption, provided that at such time a current prospectus relating to the shares of Common Stock issuable upon exercise of the Class A Warrants is in effect and the issuance of such shares is qualified for sale or exempt from qualification under applicable state securities laws. Each Class A Warrant will be exercisable at an exercise price of $8.50 per warrant, subject to adjustment in certain events.

The Class A Warrants are subject to redemption by the Company beginning 90 days after the Effective Date, on not less than 30 days written notice, at a price of $.01 per warrant at any time following a period of 10 consecutive trading days where the per share average closing bid price of the Common Stock exceeds 120% of the Exercise Price (subject to adjustment), provided that a current prospectus covering the shares issuable upon the exercise of the Class A Warrants is then effective under federal securities laws. For these purposes, the closing bid price of the Common Stock shall be determined by the closing bid price as reported by Nasdaq so long as the Common Stock is quoted on Nasdaq and, if the Common Stock is listed on a national securities exchange, shall be determined by the last reported sale price on the primary exchange on which the Common Stock is traded. Holders of Class A Warrants will automatically forfeit all rights thereunder except the right to receive the $.01 redemption price per warrant unless the Class A Warrants are exercised before they are redeemed.

The Warrantholders are not entitled to vote, receive dividends, or exercise any of the rights of holders of shares of Common Stock for any purpose. The Class A Warrants are in registered form and may be presented for transfer,

exchange or exercise at the office of the Warrant Agent. Although the Company has applied for listing of the Class A Warrants on the Nasdaq SmallCap Market, there is currently no established market for the Class A Warrants, and there is no assurance that any such market will develop.

The Warrant Agreement provides for adjustment of the exercise price and the number of shares of Common Stock purchasable upon exercise of the Class A Warrants to protect Warrantholders against dilution in certain events, including stock dividends, stock splits, reclassification, and any combination of Common Stock, or the merger, consolidation, or disposition of substantially all the assets of the Company.

The Class A Warrants may be exercised upon surrender of the certificate therefor on or prior to the expiration date (or earlier redemption date) at the offices of the Warrant Agent, with the form of "Election to Purchase" on the reverse side of the certificate properly completed and executed as indicated, accompanied by payment of the full exercise price (by certified or cashier's check payable to the order of the Company) for the number of Class A Warrants being exercised.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this Offering, there will be 5,656,250 shares of Common Stock issued and outstanding (6,001,250 if the Underwriter's over-allotment option is exercised in full). The shares purchased in this Offering will be freely tradeable without registration or other restriction under the Securities Act of 1933, as amended (the "Act"), except for any shares purchased by an "affiliate" of the Company (as defined in the Act).

All the currently outstanding shares were issued in reliance upon the "private placement" exemptions provided by the Act and are deemed restricted securities within the meaning of Rule 144 ("Restricted Shares"). Restricted Shares may not be sold unless they are registered under the Act or are sold pursuant to an applicable exemption from registration, including an exemption under Rule 144. It is expected that 1,356,250 Restricted Shares will become eligible for sale in July 1998, assuming all of the other requirements of Rule 144 have been satisfied. In addition, the Company has agreed to file a registration statement relating to these shares one year following the Effective Date, provided that the Company is then eligible to use Form S-3.

In general, under Rule 144 as currently in effect, any person (or persons whose shares are aggregated) including persons deemed to be affiliates, whose restricted securities have been fully paid for and held for at least two years from the later of the date of issuance by the Company or acquisition from an affiliate, may sell such securities in broker's transactions or directly to market makers, provided that the number of shares sold in any three month period may not exceed the greater of 1% of the then-outstanding shares of Common Stock

or the average weekly trading volume of the shares of Common Stock in the over-the-counter market during the four calendar weeks preceding the sale. Sales under Rule 144 are also subject to certain notice requirements and the availability of current public information about the Company. After three years have elapsed from the later of the issuance of restricted securities by the Company or their acquisition from an affiliate, such securities may be sold without limitation by persons who are not affiliates under the rule.

In general, under Rule 701 as currently in effect, any employee, consultant or advisor of the Company who purchases shares from the Company by exercising a stock option outstanding on the date of the Offering is eligible to resell such shares 90 days after the date of the Prospectus in reliance on Rule 144, but

need not comply with certain restrictions contained in Rule 144, including the holding period requirement. As soon as practicable after the Offering, the Company intends to register 700,000 shares of Common Stock that are reserved for issuance under the Stock Option Plan. See "Management." After the effective date of such registration statement, shares issued upon exercise of outstanding options would generally be eligible for immediate resale in the public market, subject to vesting under the applicable option agreements.

Following this Offering, the Company cannot predict the effect, if any, that sales of the Common Stock or the availability of such Common Stock for sale will have on the market price prevailing from time to time. Nevertheless, sales by existing shareholders of substantial amounts of Common Stock could adversely affect prevailing market prices for the Common Stock if and when a public market exists. David W. Anderson, Chairman and Chief Executive Officer of the Company, has agreed that he will not sell, grant any option for the sale of, or otherwise dispose of any shares of Common Stock for 365 days after the Effective Date without the prior written consent of the Underwriter. The Company's other executive officers and directors have agreed to be subject to the same restrictions for a period of 180 days.

MINNESOTA ANTI-TAKEOVER LAW

The Company is governed by the provisions of Sections 302A.671 and 302A.673 of the Minnesota Business Corporation Act. In general, Section 302A.671 provides that the shares of a corporation acquired in a "control share acquisition" have no voting rights unless voting rights are approved in a prescribed manner. A "control share acquisition" is an acquisition, directly or indirectly, of beneficial ownership of shares that would, when added to all other shares beneficially owned by the acquiring person, entitle the acquiring person to have voting power of 20% or more in the election of directors. In general, Section 302A.673 prohibits a publicly-held Minnesota corporation from engaging in a "business combination" with an "interested shareholder" for a period of four years after the date of the transaction in which the person became an interested shareholder, unless the business combination is approved in a prescribed manner. "Business combination" includes mergers, asset sales and other transactions resulting in a financial benefit to the interested shareholder. An "interested shareholder" is a person who is the beneficial owner, directly or indirectly, of 10% or more of the corporation's voting stock or who is an affiliate or associate of the corporation and at any time within four years prior to the date in question was the beneficial owner, directly or indirectly, of 10% or more of the corporation's voting stock.

TRANSFER AGENT AND REGISTRAR

Firstar Trust Company is the transfer agent and registrar for the Common Stock, the Class A Warrants and the Units.

UNDERWRITING

Subject to the terms and conditions of the Underwriting Agreement between the Company and R.J. Steichen and Company (the "Underwriter"), the Underwriter has agreed to purchase from the Company, and the Company has agreed to sell to the Underwriter, 2,300,000 Units.

The Underwriting Agreement provides that the obligations of the Underwriter are subject to approval of certain legal matters by counsel and to various other conditions. The nature of the Underwriter's obligations are such that they are committed to purchase and pay for all of the Units if any are purchased.

The Underwriter proposes to offer the Units directly to the public at the public offering price set forth on the cover page of this Prospectus, and at such price less a concession not in excess of $ per Unit to certain other dealers who are members of the National Association of Securities Dealers, Inc. After the public offering, the initial offering price and other selling terms may be changed by the Underwriter. The Underwriter has advised the Company that it does not intend to confirm sales of Units to any accounts over which it exercises discretionary authority.

The Company has granted the Underwriter a 45-day over-allotment option to purchase up to an aggregate of 345,000 additional Units exercisable at the public offering price less the underwriting discount. The Underwriter may exercise such option only to cover over-allotments made in connection with the sale of the Units offered hereby.

David W. Anderson, Chairman and Chief Executive Officer of the Company, has agreed that he will not sell, grant any option for the sale of, or otherwise dispose of any equity securities of the Company (or any securities convertible into or exercisable or exchangeable for equity securities of the Company), for a period of 365 days after the date hereof without the prior written consent of the Underwriter. The Company's other executive officers and directors have agreed to be subject to the same restrictions for a period of 180 days.

Each of the Company and the Underwriter has agreed to indemnify the other (including officers, directors and control persons of each other) against certain liabilities, losses and expenses, including liabilities under the Act, or to contribute to payments that the Underwriter may be required to make in respect thereof. Insofar as indemnification for liabilities arising under the Act may be permitted to directors, officers and controlling persons of the small business issuer pursuant to the foregoing provisions, or otherwise, the small business issuer has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

The Company has agreed to sell to the Underwriter, for $50.00, five-year warrants to purchase up to 230,000 shares of Common Stock (the "Underwriter's Warrant") at 140% of the Price to Public. The Underwriter's Warrant may be exercised commencing one year after the Effective Date. The exercise price and the number of shares may, under certain circumstances, be subject to adjustment pursuant to anti-dilution provisions.

The Company has agreed to pay the Underwriter a nonaccountable expense allowance equal to 2.0% of the aggregate offering price of the shares or $299,000 ($343,850 if the Underwriter's over-allotment option is exercised in full).

In July 1996, the Company sold an aggregate of 1,356,250 shares of Common Stock in a private placement in which the Underwriter acted as selling agent. The Underwriter received agent's commissions of approximately $427,000. The Underwriter was given a one-year right of first refusal with respect to the Company's initial public offering.

At the request of the Company, up to 15% of the Units offered hereby (the "Designated Units") may be reserved for sale to persons designated by the Company. The price of the Designated Units will be the Price to Public set forth on the cover of this Prospectus.

Prior to the Offering, there exists no public market for the securities of the Company. The initial public offering price of the Units and the exercise price of the Warrants have been arbitrarily determined by negotiation between the Company and the Underwriter and bear no relationship to the Company's

current

operating results, book value, net worth, financial statement criteria of value, the history of and prospects for the industry in which the Company principally competes or the capability of the Company's management. There can be no assurance, however, that the price at which the Common Stock, the Class A Warrants or the Units will sell in the public market after this Offering will not be lower than the price at which they are sold by the Underwriter.

LEGAL MATTERS

The validity of the securities offered hereby will be passed upon for the Company by Maslon Edelman Borman & Brand, a Professional Limited Liability Partnership, Minneapolis, Minnesota. Certain legal matters relating to the sale of the shares of Common Stock will be passed upon for the Underwriter by Doherty, Rumble & Butler, P.A., Minneapolis, Minnesota.

EXPERTS

The financial statements for the periods ended December 31, 1994 and 1995 included herein have been audited by Lund Koehler Cox & Company, PLLP, independent public accountants, as indicated in their report with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving said report.

ADDITIONAL INFORMATION

The Company is not a reporting company under the Securities Exchange Act of 1934, as amended. The Company has filed with the Washington, D.C. Office of the Securities and Exchange Commission (the "Commission") a Registration Statement on Form SB-2 under the Act with respect to the Common Stock offered hereby. This Prospectus filed as a part of the Registration Statement does not contain all of the information contained in the Registration Statement and the exhibits thereto, certain portions of which have been omitted in accordance with the rules and regulations of the Commission. For further information with respect to the Company and the securities offered hereby, reference is made to such Registration Statement including the exhibits and schedules thereto. Statements contained in this Prospectus as to the contents of any contract, agreement or other documents are not necessarily complete, and in each instance, reference is made to such contract or other document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference. The Registration Statement and exhibits may be inspected without charge and copied at the Washington office of the Commission, 450 Fifth Street, N.W., Washington, DC 20549, and copies of such material may be obtained at prescribed rates from the Commission's Public Reference Section at the same address.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Famous Dave's of America, Inc.:

We have audited the accompanying consolidated balance sheet of Famous Dave's of America, Inc. and Subsidiary as of December 31, 1995 and the related consolidated statements of operations, stockholder's equity and cash flows for the period from March 14, 1994 (inception) to December 31, 1994 and the year ended December 31, 1995. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Famous Dave's of America, Inc. and Subsidiary as of December 31, 1995 and the results of their operations and their cash flows for the period from March 14, 1994 (inception) to December 31, 1994 and the year ended December 31, 1995 in conformity with generally accepted accounting principles.

LUND KOEHLER COX & COMPANY, PLLP

Minneapolis, Minnesota
August 2, 1996

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FAMOUS DAVE'S OF AMERICA, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 1995	JUNE 30, 1996 (UNAUDITED)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 100,297	$ 252,137
Inventories	10,921	53,049
Prepaids and other current assets	69,176	409,409
Total current assets	180,394	714,595
PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET	1,203,265	1,682,654
OTHER ASSETS:		
Construction in progress	73,487	995,964
Prepaid equity issuance costs	0	82,324
Pre-opening expenses, net of accumulated amortization of $3,081	0	35,987

Total other assets	73,487	1,114,275
	$1,457,146	$ 3,511,524
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES:		
Note payable -- bank	$ 0	$ 1,000,000
Mortgage note payable -- bank	347,823	0
Note payable -- stockholder	276,046	359,349
Current portion of capital lease obligation	0	50,224
Accounts payable	109,974	1,312,154
Accrued rent -- S&D Land Holdings, Inc. (related party)	0	82,729
Accrued interest -- stockholder	0	22,492
Accrued payroll -- stockholder	0	32,527
Accrued payroll and related withholdings	13,412	42,474
Other current liabilities	16,081	51,986
Total current liabilities	763,336	2,953,935
CAPITAL LEASE OBLIGATION, NET OF CURRENT PORTION	0	251,981
Total liabilities	763,336	3,205,916
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDER'S EQUITY:		
Common stock, $.01 par value, 100,000,000 shares authorized, 2,000,000 shares issued and outstanding	20,000	20,000
Additional paid-in capital	980,000	980,000
Accumulated deficit	(306,190)	(694,392)
Total stockholder's equity	693,810	305,608
	$1,457,146	$ 3,511,524

See accompanying notes to consolidated financial statements.

FAMOUS DAVE'S OF AMERICA, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

			TWENTY-SIX WEEKS ENDED	
	MARCH 14, 1994 (INCEPTION) TO DECEMBER 31, 1994	YEAR ENDED DECEMBER 31, 1995	JUNE 30, 1995 (UNAUDITED)	JUNE 30, 1996 (UNAUDITED)
SALES:				
Restaurant	$ 0	$ 481,510	$ 23,601	$1,001,055
Retail	0	0	0	14,801
Total sales	0	481,510	23,601	1,015,856
COSTS AND EXPENSES:				
Food and beverage costs -- restaurant	0	169,789	13,278	326,451
Cost of sales -- retail	0	0	0	10,149
Restaurant operating expenses	0	302,217	45,991	391,232
Depreciation and amortization	0	17,009	2,000	36,289
General, administrative and development	0	332,331	57,040	634,460
Total costs and expenses	0	821,346	118,309	1,398,581
Loss from operations	0	(339,836)	(94,708)	(382,725)
OTHER INCOME (EXPENSE):				
Royalty income -- related party	0	33,646	0	17,015
Interest expense	0	0	0	(22,492)
Total other income (expense)	0	33,646	0	(5,477)
NET LOSS	$ 0	$ (306,190)	$ (94,708)	$ (388,202)
PROFORMA DATA -- UNAUDITED (SEE NOTE 9)				
Historical net loss	$ 0	$ (306,190)	$ (94,708)	$ (388,202)

Proforma provision for income taxes.....	0	0	0	0
Proforma net loss.....	$ 0	$ (306,190)	$ (94,708)	$ (388,202)
Proforma net loss per common share.....	$ 0.00	$ (0.14)	$ (0.04)	$ (0.18)
Shares used in per share calculations....	2,135,417	2,135,417	2,135,417	2,135,417

See accompanying notes to consolidated financial statements.

FAMOUS DAVE'S OF AMERICA, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY

	COMMON STOCK		ADDITIONAL PAID-IN	STOCK SUBSCRIPTION	ACCUMULATED	
	SHARES	AMOUNT	CAPITAL	RECEIVABLE	DEFICIT	TOTAL
BALANCE -- MARCH 14, 1994 (INCEPTION).....	0	$ 0	$ 0	$ 0	$ 0	$ 0
Issuance of common stock for $.50 per share.....	2,000,000	20,000	980,000	(1,000,000)	--	0
Payments received on stock subscription.....	--	--	--	425,270	--	425,270
Net loss.....	--	--	--	--	0	0
BALANCE -- DECEMBER 31, 1994....	2,000,000	20,000	980,000	(574,730)	0	425,270
Payments received on stock subscription.....	--	--	--	574,730	--	574,730
Net loss.....	--	--	--	--	(306,190)	(306,190)
BALANCE -- DECEMBER 31, 1995....	2,000,000	20,000	980,000	0	(306,190)	693,810
Net loss (unaudited).....	--	--	--	--	(388,202)	(388,202)
BALANCE -- JUNE 30, 1996 (UNAUDITED).....	2,000,000	$20,000	$ 980,000	$ 0	$(694,392)	$ 305,608

See accompanying notes to consolidated financial statements.

FAMOUS DAVE'S OF AMERICA, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

			TWENTY-SIX WEEKS ENDED	
	MARCH 14, 1994 (INCEPTION) TO DECEMBER 31, 1994	YEAR ENDED DECEMBER 31, 1995	JUNE 30, 1995 (UNAUDITED)	JUNE 30, 1996 (UNAUDITED)
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss.....	$ 0	$ (306,190)	$ (94,708)	$ (388,202)
Adjustments to reconcile net loss to cash flows from operating activities:				
Depreciation and amortization.....	0	17,009	2,000	36,289
Changes in working capital items --				
Inventories.....	0	(10,921)	(3,500)	(42,128)
Prepaids and other current assets....	(2,742)	(66,434)	(11,889)	(340,233)
Accounts payable.....	0	109,974	134,652	367,660
Accrued rent -- S&D Land Holdings, Inc.	0	0	0	82,729
Accrued interest -- stockholder.....	0	0	0	22,492

Accrued payroll -- stockholder.....	0	0	0	32,527
Accrued payroll and related withholdings.....	0	13,412	7,912	29,062
Other current liabilities.....	0	16,081	938	35,905
Cash flows from operating activities.....	(2,742)	(227,069)	35,405	(163,899)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of property, equipment and leasehold improvements.....	(411,905)	(808,369)	(369,804)	(991,415)
Payment of construction in progress.....	0	(73,487)	0	(87,957)
Payment of pre-opening expenses.....	0	0	0	(39,068)
Cash flows from investing activities.....	(411,905)	(881,856)	(369,804)	(1,118,440)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from note payable -- bank.....	0	0	0	1,000,000
Proceeds from mortgage note payable -- bank.....	0	375,000	0	0
Payments on mortgage note payable -- bank.....	0	(27,177)	0	0
Advances on note payable -- stockholder, net.....	0	276,046	0	516,503
Payments received on stock subscription...	425,270	574,730	429,879	0
Prepaid equity issuance costs paid.....	0	0	0	(82,324)
Cash flows from financing activities.....	425,270	1,198,599	429,879	1,434,179
INCREASE IN CASH AND CASH EQUIVALENTS.....	10,623	89,674	95,480	151,840
CASH AND CASH EQUIVALENTS, BEGINNING.....	0	10,623	10,623	100,297
CASH AND CASH EQUIVALENTS, ENDING.....	$ 10,623	$ 100,297	$ 106,103	$ 252,137

See accompanying notes to consolidated financial statements.

FAMOUS DAVE'S OF AMERICA, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1994 AND 1995
(INCLUDING DATA APPLICABLE TO UNAUDITED PERIODS)

(1) NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS -- Famous Dave's of America, Inc. (formerly known as Famous Dave's of Minneapolis, Inc.) (the Company) was incorporated in the State of Minnesota on March 14, 1994. The Company develops, owns and operates American roadhouse style barbeque restaurants (the Units) under the name "Famous Dave's Bar-B-Que Shack". The Company opened its first Unit in the Linden Hills area of Minneapolis (the Linden Hills Unit) in June 1995. Prior to opening the Linden Hills Unit, the Company had no revenues and its activities were devoted solely to development.

The Company opened its second Unit in June 1996 in Roseville, Minnesota, a Minneapolis/St. Paul suburb and is presently developing three additional Units in the Minneapolis/St. Paul area.

PRINCIPLES OF CONSOLIDATION -- The consolidated financial statements include the accounts of Famous Dave's of America, Inc. and its wholly owned subsidiary Lake & Hennepin BBQ and Blues, Inc. Lake & Hennepin BBQ and Blues, Inc. had no operating activity through June 30, 1996. All significant intercompany transactions have been eliminated in consolidation.

FISCAL YEAR -- Beginning January 1, 1996, the Company adopted a 52/53 week accounting period ending on the Sunday nearest December 31 of each year. Prior periods using a calendar year end have not been restated for comparative purposes as the differences are immaterial.

CASH AND CASH EQUIVALENTS -- The Company includes as cash equivalents certificates of deposit and all other investments with original maturities of three months or less which are readily convertible into known amounts of cash.

INVENTORIES -- Inventories are recorded at the lower of cost (first-in, first-out) or market value.

DEPRECIATION -- Property, equipment and leasehold improvements are recorded at cost. Improvements are capitalized while repair and maintenance costs are charged to operations when incurred. Furniture, fixtures and equipment are depreciated using the straight-line method over their estimated useful lives of five to seven years. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated useful lives or the lease term including option periods.

PREPAID EQUITY ISSUANCE COSTS -- Direct costs of obtaining equity capital by issuing stock are deducted from the related proceeds, and the net amount is recorded as contributed stockholders' equity. Costs paid or incurred prior to the completion of an equity sale are recorded as a prepaid asset until the completion of the equity offering.

PRE-OPENING EXPENSES -- It is the Company's policy to capitalize the direct and incremental costs associated with opening a new Unit which consist primarily of hiring and training the initial workforce and other direct costs. These costs are amortized over the first twelve months of the Unit's operations if the recoverability of such costs can be reasonably assured. Expenses incurred prior to opening the Company's first Unit were charged to operations when incurred due to the developmental nature of the Unit.

MUSIC PRODUCTION COSTS -- In accordance with Financial Accounting Standards Board Statement No. 50 "Financial Reporting in the Record and Music Industry", the Company has expensed all amounts related to music production costs in the period incurred.

RIB PROMOTIONAL ACTIVITY -- The Company incurs expenses for participation in rib festivals and other events and records these expenses in the period incurred net of any related revenues generated by the activity.

INCOME TAXES -- Through March 3, 1996 the Company, with the consent of its sole stockholder, had elected under the Internal Revenue Code to be an S Corporation. In lieu of corporation income taxes, a

stockholder of an S Corporation is taxed on his proportionate share of the company's taxable income. See Note 9.

RECENTLY ISSUED ACCOUNTING STANDARD -- During fiscal year 1996 the Company adopted Financial Accounting Standards Board Statement No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" (Statement 121). Statement 121 establishes accounting standards for the recognition and measurement of impairment of long-lived assets, certain identifiable intangibles, and goodwill either to be held or disposed of. The adoption of Statement 121 did not have a material impact on the Company's financial position or results of operations.

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

NET LOSS PER COMMON SHARE -- Net loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding and dilutive common equivalent shares assumed to be outstanding during each period. Common equivalent shares consist of dilutive options to purchase common stock. However, pursuant to certain rules of the Securities and Exchange Commission, the calculation also includes equity securities, including options and warrants, issued within one year of an initial public offering with an issue price less than the initial public offering price, even if the effect is anti-dilutive. The treasury stock method was used in determining the dilutive effect of such issuances.

(2) INVENTORIES

Inventories consisted of the following at:

	DECEMBER 31, 1995	JUNE 30, 1996
Food and beverage	$ 4,950	$ 19,279
Retail goods	5,971	33,770
	$10,921	$ 53,049

(3) PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, equipment and leasehold improvements consisted of the following at:

	DECEMBER 31, 1995	JUNE 30, 1996
Land, buildings and improvements	$ 1,066,447	$1,008,095
Furniture, fixtures and equipment	153,827	584,751
Portable kitchen equipment	0	136,141
Less: accumulated depreciation	(17,009)	(46,333)
	$ 1,203,265	$1,682,654

(4) CONSTRUCTION IN PROGRESS

Construction in progress consists of direct and indirect costs related to the Company's uncompleted development of three additional Units in the Minneapolis/St. Paul area. Total costs incurred were $73,487 and $995,964 (including capitalized interest of $9,067 and $9,067) as of December 31, 1995 and June 30, 1996.

(5) NOTES PAYABLE

NOTE PAYABLE -- BANK -- The Company has a $1,000,000 revolving note due June 26, 1997, accruing interest at the prime rate (effective rate of 8.25%), and secured by all the assets of the Company and the personal guaranty of the

sole stockholder. The balance outstanding at June 30, 1996 was $1,000,000.

MORTGAGE NOTE PAYABLE -- BANK -- The Company had a mortgage note maturing September 1996, accruing interest at 1% over the prime rate (effective rate of 9.75%), secured by a real estate mortgage on the site of its proposed St. Paul, Minnesota Unit. The balance outstanding at December 31, 1995 was $347,823. This note was assumed by S&D Land Holdings, Inc. on January 1, 1996. See Note 7.

NOTE PAYABLE -- STOCKHOLDER -- The Company has a $2,000,000 revolving note with its sole stockholder. The note bears interest at 8%, is unsecured and is due on demand. Outstanding balances on the note were $276,046 and $359,349 at December 31, 1995 and June 30, 1996.

(6) CAPITAL LEASE OBLIGATION

The Company leases certain equipment under an agreement that expires June 2001. Interest is provided for at a rate of 11%. The obligation is secured by the equipment under lease. Prior to signing the lease, the Company made deposits for this equipment of approximately $156,500 that will be refunded to the Company by the lessor. In addition, the Company has made, and will be reimbursed by the lessor for, deposits of $100,000 for equipment to be leased under pending lease commitments.

Future minimum lease payments for the years ending December 31 are as follows:

1996	$ 39,130
1997	78,259
1998	78,259
1999	78,259
2000	78,259
Thereafter	39,129
Total	391,295
Less: amount representing interest	(89,090)
Present value of future minimum lease payments	302,205
Less: current portion	(25,840)
Obligation under capital lease, net of current portion	$276,365

(7) RELATED PARTY TRANSACTIONS

S&D LAND HOLDINGS, INC. -- On January 1, 1996, the Company transferred the real estate, excluding improvements, of its Linden Hills Unit and the site of a proposed Unit in St. Paul, Minnesota to its sole stockholder in exchange for amounts due to the stockholder and assumption of bank debt (see Note 5) totaling $781,023. The Company believes the exchange prices approximated the fair market values of the real estate exchanged. The stockholder concurrently transferred the real estate to S&D Land Holdings, Inc. (S&D), a company wholly owned by the stockholder, and entered into leases with the Company for the real estate (see Note 11). At June 30, 1996, the Company owed S&D $82,729 for rent through June 30, 1996.

GRAND PINES RESORTS, INC. -- Grand Pines Resorts, Inc. (Grand Pines), is a company wholly owned by the sole stockholder of the Company. The Company charges Grand Pines a royalty of 4% of its food sales. Royalty income was $33,646 and $17,015 for the year ended December 31, 1995 and the twenty-six weeks ended June

30, 1996. The Company also provides certain management services to Grand Pines for 3% (4% in 1995) of its food sales. Management services income is netted with general, administrative and development expenses in the Company's consolidated statements of operations and was $33,646 and $12,761 for the year ended December 31, 1995 and the twenty-six weeks ended June 30, 1996.

(8) STOCKHOLDER'S EQUITY

STOCK SPLIT -- On June 11, 1996, the Company declared a 2,000-for-1 stock split. The stock split has been retroactively reflected in the accompanying consolidated financial statements.

STOCK OPTION PLAN -- The Company adopted a Stock Option and Compensation Plan (the "Plan") in 1995, pursuant to which options and other awards to acquire an aggregate of 700,000 shares of the Company's common stock may be granted. Stock options, stock appreciation rights, restricted stock, other stock and cash awards may be granted under the Plan. In general, options vest over a period of five years and expire ten years from the date of grant.

Stock option transactions during 1995 and 1996 were as follows:

	SHARES	PRICE PER SHARE
Outstanding at December 31, 1994	0	$ 0
Granted	150,000	1.00
Canceled	0	0
Outstanding at December 31, 1995	150,000	1.00
Granted	25,000	3.50
Canceled	0	0
Outstanding at June 30, 1996	175,000	$ 1.00 - 3.50

(9) INCOME TAXES -- UNAUDITED PROFORMA DATA

The Company was an S Corporation through March 3, 1996. Accordingly, losses incurred through March 3, 1996 have been recognized by the Company's sole stockholder.

The unaudited proforma data in the accompanying consolidated financial statements accounts for income taxes as if the Company had been subject to federal and state income taxes at regular marginal corporate tax rates. The Company generated net losses for both financial reporting and income tax purposes.

From March 4, 1996 through June 30, 1996 the Company generated a net operating loss of approximately $200,000 which, if not used, will expire in 2011. Future changes in the ownership of the Company may place limitations on the use of this net operating loss carryforward. The Company has recorded a full valuation allowance against its deferred tax asset due to the uncertainty of realizing the related benefit.

(10) SUPPLEMENTAL CASH FLOWS INFORMATION

	DECEMBER 31, 1995	JUNE 30, 1996
Cash paid for interest	$9,067	$ 0
Non cash investing and financing activities:		
Equipment purchased under capital lease obligation	$ 0	$302,205
Real estate exchanged to retire debt	$ 0	$781,023
Construction purchased with accounts payable	$ 0	$834,520

(11) COMMITMENTS AND CONTINGENCIES

OPERATING LEASES -- The Company has entered into various operating leases as follows:

LEASES WITH S&D LAND HOLDINGS, INC. -- The Company leases the real estate for certain of its current or proposed Units from S&D Land Holdings, Inc., a company wholly owned by the Company's sole stockholder. Each lease generally has a ten-year term with two five-year options to extend and requires the payment of base rent plus the payment of real estate taxes and operating expenses as follows:

Linden Hills Unit -- Base rent of $48,800 per year payable monthly, adjusted annually for inflation. Expires in 2005 with two five-year extensions available.

Roseville Unit -- Base rent of $82,200 per year payable monthly, adjusted annually for inflation. Expires in 2002 with one five-year extension available.

Proposed St. Paul, Minnesota Unit -- Base rent of $44,900 per year payable monthly, adjusted annually for inflation. Expires in 2005 with two five-year extensions available.

Proposed Minnetonka, Minnesota Unit -- Base rent of $124,129 per year payable monthly, adjusted annually for inflation. Expires in 2005 with two five-year extensions available.

CORPORATE OFFICE -- The Company has a lease for its corporate office space that expires in 1998. Base rent is $3,951 per month. The Company also is required to pay its pro rata share of real estate taxes and operating expenses.

PROPOSED MINNEAPOLIS, MINNESOTA UNIT -- The Company leases space for its proposed Minneapolis, Minnesota Unit under a lease that expires in 2011, but may be terminated at the Company's election after the first five years. The lease requires initial base rent of $159,516 per year payable monthly, plus a percentage rent of 5% of annual gross sales in excess of $3,190,320, payable annually. The Company has the right to extend the term for two five-year periods. The Company may receive approximately 18 months of base rent credit and certain other incentives if it completes its improvements and opens for business on or before October 1, 1996. In addition to the base and percentage rents, the lease requires the Company to pay real estate taxes and operating expenses.

Future minimum rental payments (excluding percentage rents) for the operating leases described above are as follows for the years ending December 31:

1996	$ 395,591
1997	506,957
1998	491,153
1999	459,545
2000	459,545
Thereafter	1,367,553
Total	$3,680,344

EMPLOYMENT AGREEMENTS -- The Company has employment agreements with three of its officers. The agreements require minimum annual compensation of $100,000 to $125,000 and have terms of two to three years. All of the contracts require at least six month severance payments with resulting two year non-competes with one of the contracts requiring up to twelve months severance.

(12) SUBSEQUENT EVENTS (UNAUDITED)

PRIVATE PLACEMENT OF COMMON STOCK -- In July 1996, the Company sold 1,356,250 shares of its common stock in a private placement for $3.50 per share, and received net proceeds of approximately $4,200,000. The Company has used and plans to use the net proceeds from this private placement of common stock to complete the development of its Units and for working capital.

STOCK OPTIONS -- Subsequent to June 30, 1996, the Company granted options to acquire 167,500 shares of common stock at exercise prices ranging from $3.50 to $4.33 per share and cancelled 4,500 options to acquire shares of common stock at $3.50 per share.

[Narrative description of photographs that appear on the inside back cover page of prospectus]

Picture #1 -- A photograph of the interior of the Company's Linden Hills Unit, with several oilcloth-covered tables in the foreground and the counter where customers place their meal orders in the background. The order counter features a tin roof, brightly painted timbers and signs highlighting various menu items, shelves containing bottles of Famous Dave's BBQ Sauce and items of rustic Americana, and self-serve beverage fountains. Caption: "'May you always be surrounded by good friends and great barbeque.'(SM) -- Famous Dave."

Picture #2 -- One of the restaurant's cooks holds a large platter of barbecued ribs while standing behind a large table laden with platters of food served at the Company's restaurants. Caption: "BBQ platters, sandwiches, and desserts."

Picture #3 -- A photograph of diners seated around a table, on which is displayed the Company's "garbage can lid" entree. Caption: "St. Louis style ribs are a specialty."

Picture #4 -- A photograph of diners seated around a table in the process of eating their meal. Caption: "Plenty of sauce, napkins, and friends."

Picture #5 -- Two of the Company's employees are shown bringing seated diners their meals. Caption: "Down-home friendly service."

Picture #6 -- Two diners seated at a table are shown having a conversation with

a restaurant employee. Caption: "Like a good ol' backyard barbeque."

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NO DEALER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE OFFER MADE BY THIS PROSPECTUS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE UNDERWRITER. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR TO ANYONE TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

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UNTIL , 1996 (25 DAYS AFTER THE DATE OF THE PROSPECTUS), ALL DEALERS EFFECTING TRANSACTIONS IN THE REGISTERED SECURITIES, WHETHER OR NOT PARTICIPATING IN THIS DISTRIBUTION, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS IS IN ADDITION TO THE OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

FAMOUS DAVE'S

OF AMERICA, INC.

FAMOUS DAVE'S LOGO

2,300,000 UNITS

CONSISTING OF 2,300,000 SHARES

OF COMMON STOCK AND 2,300,000

REDEEMABLE CLASS A WARRANTS

PROSPECTUS

RJ STEICHEN & COMPANY LOGO

, 1996

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 24. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Company is governed by Minnesota Statutes Chapter 302A. Minnesota Statutes Section 302A.521 provides that a corporation shall indemnify any person made or threatened to be made a party to any proceeding by reason of the former or present official capacity of such person against judgments, penalties, fines, including, without limitation, excise taxes assessed against such person with respect to an employee benefit plan, settlements, and reasonable expenses, including attorney's fees and disbursements, incurred by such person in connection with the proceeding, if, with respect to the acts or omissions of such person complained of in the proceeding, such person has not been indemnified by another organization or employee benefit plan for the same expenses with respect to the same acts or omissions; acted in good faith; received no improper personal benefit and Section 302A.255, if applicable, has been satisfied; in the case of a criminal proceeding, had no reasonable cause to believe the conduct was unlawful; and in the case of acts or omissions by persons in their official capacity for the corporation, reasonably believed that the conduct was in the best interests of the corporation, or in the case of acts or omissions by persons in their capacity for other organizations, reasonably believed that the conduct was not opposed to the best interests of the corporation.

As permitted by Section 302A.251 of the Minnesota Statutes, the Articles of Incorporation of the Company provide that a director shall have no personal liability to the Company and its shareholders for breach of his fiduciary duty as a director, to the fullest extent permitted by law.

The Underwriting Agreement contains provisions under which the small business issuer on the one hand, and the Underwriter, on the other hand, have agreed to indemnify each other (including officers and directors of the small business issuer and the Underwriter and any person who may be deemed to control the small business issuer or the Underwriter) against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

ITEM 25. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The estimated expenses in connection with the issuance and distribution of the Units registered hereby, other than underwriting discounts and fees, are set

forth in the following table:

SEC registration fee	$ 13,681
NASD filing fee	6,000
Nasdaq listing fee	8,500
Legal fees and expenses	80,000
Accounting fees and expenses	40,000
Blue Sky fees and expenses	20,000
Transfer agent fees and expenses	1,000
Printing and engraving expenses	40,000
Miscellaneous	10,819
Total	$220,000

ITEM 26. RECENT SALES OF UNREGISTERED SECURITIES.

In connection with the formation of the Company in March, 1994, the Company issued 2,000,000 shares of Common Stock to David W. Anderson, Chairman and Chief Executive Officer, for an aggregate of $1,000,000. The Company believes that such sale of securities was exempt from registration pursuant to Section 4(2) of the Securities Act as an isolated sale to an "Accredited Investor" as defined in Regulation D of the Securities Act of 1933, as amended (the "Securities Act"). In connection with additional capitalization of the Company on July 29, 1996, the Company sold and issued an aggregate of 1,356,250 shares of Common Stock to certain "Accredited Investors" for a total aggregate consideration of $4,746,875. R.J. Steichen & Co., Inc., the Underwriter, was involved in such offering and received Agent's commissions totaling $427,219

pursuant to such offering. The Company believes that each and every such sale and issuance of such securities was made to an "Accredited Investor" on the basis of representations made in writing to the Company by each purchaser prior to such sale and thus was exempt from registration pursuant to Section 4(2) of the Securities Act and Rule 506 promulgated thereunder.

ITEM 27. EXHIBITS.

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
1.1	Form of Underwriting Agreement*
1.2	Form of Underwriter's Warrant*
3.1	Articles of Incorporation*
3.2	By-laws*
3.3	Amendment to Articles of Incorporation dated May 31, 1996 increasing the number of authorized shares**
4	Form of Warrant Agreement**
5	Opinion of Maslon Edelman Borman & Brand, a Professional Limited Liability Partnership*
10.1	Lease Agreement by and between S&D Land Holdings, Inc., and Famous Dave's of Minneapolis, Inc. as of January 1, 1996 (Linden Hills)*
10.2	Lease Agreement by and between S&D Land Holdings, Inc., and Famous Dave's of Minneapolis, Inc. as of January 1, 1996 (Highland Park)*
10.3	Lease Agreement by and between S&D Land Holdings, Inc., and Famous Dave's of Minneapolis, Inc. as of January 15, 1996 (Minnetonka)*
10.4	Sublease Agreement by and between S&D Land Holdings, Inc., and Famous Dave's of Minneapolis, Inc. as of January 1, 1996 (Roseville)*

10.5	Lease Agreement by and between Calhoun Square Associates Limited Partnership and Lake & Hennepin BBQ and Blues, Inc. dated January 4, 1996, as amended on March 26, 1996 and as further amended on July 15, 1996 (Calhoun Square)**
10.6	Assignment and Assumption of Lease Agreement by and between Innovative Gaming, Inc., Carlson Real Estate Company, and Famous Dave's of America, Inc. as of May 13, 1996 and Side Agreement dated May 16, 1996 between Innovative Gaming, Inc. and Famous Dave's of America, Inc. (corporate headquarters)*
10.7	Company's 1995 Stock Option and Compensation Plan*
10.8	Employment Agreement between the Company and David W. Anderson dated as of March 4, 1996*
10.9	Employment Agreement between the Company and William L. Timm dated as of March 4, 1996*
10.10	Employment Agreement between the Company and Mark A. Payne dated as of August 12, 1996*
10.11	Trademark License Agreement between Famous Dave's of America, Inc. and Grand Pines Resorts, Inc.*
10.12	Management Agreement dated January 1, 1996 between Famous Dave's Enterprises, Inc. and Famous Dave's of Minneapolis, Inc.*
10.13	Amendment dated August 12, 1996 to the Company's 1995 Stock Option and Compensation Plan**
24.1	Consent of Maslon Edelman Borman & Brand, a Professional Limited Liability Partnership (included in Exhibit 5)**
24.2	Consent of Lund Koehler Cox & Company, PLLP**
25	Powers of Attorney*
27.1	Financial Data Schedule**

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* Previously filed.

** Filed herewith.

ITEM 28. UNDERTAKINGS.

Insofar as indemnification for liabilities arising under the Act may be permitted to directors, officers and controlling persons of the small business issuer pursuant to the foregoing provisions or otherwise, the small business issuer has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the small business issuer of expenses incurred or paid by a director, officer or controlling person of the small business issuer in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the small business issuer will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned small business issuer hereby undertakes that it will:

(1) File, during any period in which it offers or sells securities, a post-effective amendment to this registration statement to (i) include any prospectus required by Section 10(a)(3) of the Securities Act; (ii) reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information in the registration statement; and (iii) include any additional or changed material information on the plan of distribution.

(2) For determining any liability under the Securities Act, treat the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the small business issuer under Rule 424(b)(1) or (4) or Rule 497(h) under the Securities Act as part of this registration

statement as of the time the Commission declared it effective.

(3) For determining any liability under the Securities Act, treat each post-effective amendment that contains a form of prospectus as a new registration statement for the securities offered in the registration statement, and that offering of the securities at that time as the initial bona fide offering of those securities.

The small business issuer hereby undertakes to provide to the Underwriter at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriter to permit prompt delivery to each purchaser.

SIGNATURES

In accordance with the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form SB-2 and has authorized this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Minneapolis, State of Minnesota, on October 1, 1996.

FAMOUS DAVE'S OF AMERICA, INC.

By /s/ DAVID W. ANDERSON

David W. Anderson
Chairman of the Board and
Chief Executive Officer

In accordance with the requirements of the Securities Act of 1933, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates stated.

SIGNATURE	TITLE	DATE
/s/ DAVID W. ANDERSON David W. Anderson	Chairman of the Board and Chief Executive Officer	October 1, 1996
/s/ WILLIAM L. TIMM William L. Timm	President	October 1, 1996
/s/ MARK A. PAYNE Mark A. Payne	Vice President, Finance, Chief Financial Officer, Secretary and Treasurer	October 1, 1996
/s/ THOMAS J. BROSIG Thomas J. Brosig	Director	October 1, 1996
/s/ MARTIN J. O'DOWD Martin J. O'Dowd	Director	October 1, 1996

INDEX TO EXHIBITS

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25	Powers of Attorney*	
27.1	Financial Data Schedule**	

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* Previously filed.

** Filed herewith.

EXHIBIT 3.3

ARTICLES OF AMENDMENT
OF
FAMOUS DAVE'S OF AMERICA, INC.

The undersigned Chief Executive Officer of Famous Dave's of America, Inc. (the "Corporation") hereby certifies that the following Articles of Amendment were adopted by a joint written action of the shareholders and directors of the Corporation dated May 31, 1996, pursuant to the provisions of the Minnesota Business Corporation Act.

1. The name of the Corporation is Famous Dave's of America, Inc.

2. Article 3 of the Articles of Incorporation is amended to read in its entirety as follows:

ARTICLE 3

CAPITAL

A. THE CORPORATION IS AUTHORIZED TO ISSUE ONE HUNDRED MILLION (100,000,000) SHARES OF CAPITAL STOCK, HAVING A PAR VALUE OF ONE CENT ($.01) PER SHARE IN THE CASE OF COMMON STOCK, AND HAVING A PAR VALUE AS DETERMINED BY THE BOARD OF DIRECTORS IN THE CASE OF PREFERRED STOCK, TO BE HELD, SOLD AND PAID FOR AT SUCH TIMES AND IN SUCH MANNER AS THE BOARD OF DIRECTORS MAY FROM TIME TO TIME DETERMINE IN ACCORDANCE WITH THE LAWS OF THE STATE OF MINNESOTA.

B. IN ADDITION TO ANY AND ALL POWERS CONFERRED UPON THE BOARD OF DIRECTORS BY THE LAWS OF THE STATE OF MINNESOTA, THE BOARD OF DIRECTORS SHALL HAVE THE AUTHORITY TO ESTABLISH BY RESOLUTION MORE THAN ONE CLASS OR SERIES OF SHARES, EITHER PREFERRED OR COMMON, AND TO FIX THE RELATIVE RIGHTS, RESTRICTIONS AND PREFERENCES OF ANY SUCH DIFFERENT CLASSES OR SERIES, AND THE AUTHORITY TO ISSUE SHARES OF A CLASS OR SERIES TO ANOTHER CLASS OR SERIES TO EFFECTUATE SHARE DIVIDENDS, SPLITS OR CONVERSION OF THE CORPORATION'S OUTSTANDING SHARES.

C. THE BOARD OF DIRECTORS SHALL ALSO HAVE THE AUTHORITY TO ISSUE RIGHTS TO CONVERT ANY OF THE CORPORATION'S SECURITIES INTO SHARES OF STOCK OF ANY CLASS OR CLASSES, THE AUTHORITY TO ISSUE OPTIONS TO PURCHASE OR SUBSCRIBE FOR SHARES OF STOCK OF ANY CLASS OR CLASSES, AND THE AUTHORITY TO ISSUE SHARE PURCHASE OR SUBSCRIPTION WARRANTS OR ANY OTHER EVIDENCE OF SUCH OPTION RIGHTS WHICH SET FORTH THE TERMS, PROVISIONS AND CONDITIONS THEREOF, INCLUDING THE PRICE OR PRICES AT WHICH SUCH SHARES MAY BE SUBSCRIBED FOR OR PURCHASED. SUCH OPTIONS, WARRANTS AND RIGHTS, MAY BE TRANSFERABLE OR NONTRANSFERABLE AND SEPARABLE OR INSEPARABLE FROM OTHER SECURITIES OF THE CORPORATION. THE BOARD OF DIRECTORS IS AUTHORIZED TO FIX THE TERMS, PROVISIONS AND CONDITIONS OF SUCH OPTIONS, WARRANTS AND RIGHTS, INCLUDING THE CONVERSION BASIS OR BASES AND THE OPTION PRICE OR PRICES AT WHICH SHARES MAY BE SUBSCRIBED FOR OR PURCHASED.

3. This amendment has been adopted pursuant to Chapter 302A of the Minnesota Business Corporation Act.

IN WITNESS WHEREOF the undersigned has hereunto set his hand this 31st

day of May, 1996.

FAMOUS DAVE'S OF AMERICA, INC.

By

David W. Anderson, Chief Executive Officer

75619

EXHIBIT 4

WARRANT AGREEMENT

WARRANT AGREEMENT dated as of October ___, 1996 by and between Famous Dave's of America, Inc., a Minnesota corporation (the "Company"), and Firstar Trust Company, as Warrant Agent (the "Warrant Agent").

A. The Company proposes to issue up to 2,300,000 Redeemable Class A Warrants (the "Warrants") evidencing the right to purchase an aggregate of up to 2,300,000 authorized but previously unissued shares of Common Stock, $.01 par value per share, of the Company (the "Common Stock"). The Warrants would be issued in connection with the issuance by the Company of up to 2,300,000 Units, each Unit consisting of one share of Common Stock and one Warrant, in connection with the Company's Registration Statement on Form SB-2.

B. The Company desires the Warrant Agent to act on behalf of the Company, and the Warrant Agent desires so to act, in connection with the issuance, registration, transfer, exchange and exercise of the Warrants.

NOW THEREFORE, it is agreed as follows:

ARTICLE I.
APPOINTMENT OF WARRANT AGENT; ISSUANCE, FORM AND EXECUTION OF WARRANT CERTIFICATES

Section 1.1. Appointment of Warrant Agent. The Company hereby appoints the Warrant Agent to act as agent for the Company, and the Warrant Agent hereby accepts the agency established herein and agrees to perform its agency duties in accordance with the terms and conditions of this Warrant Agreement.

Section 1.2. Warrant Certificates. The Company shall execute and deliver to the Warrant Agent certificates which the Company has authorized to represent the Warrants ("Warrant Certificates"). The Warrant Certificates shall be substantially as set forth in Exhibit A hereto and may have such legends, summaries or endorsements printed, lithographed or engraved thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Warrant Agreement, or as may be required to comply with any law or with any rule or regulation relating to listing of the Warrants on the NASDAQ stock market, including the SmallCap Market System, or on any stock exchange or to conform to usage. The Warrant Certificates shall be dated with the date of their issuance.

Section 1.3. Execution of Warrant Certificates. The Warrant Certificates shall be executed on behalf of the Company by a duly authorized officer of the Company, either manually or by facsimile signature printed thereon. The Warrant Certificates shall be manually countersigned by the Warrant Agent and shall not be valid for any purpose unless so countersigned. Any Warrant Certificate may be signed on behalf of the Company by the person who at the actual date of the signing of such Warrant Certificate shall have been the proper officer

of the Company, although at the date of issuance of such Warrant Certificate any such person has ceased to be such officer of the Company.

ARTICLE II.
EXERCISE OF WARRANTS

Section 2.1. Exercise. Any or all of the Warrants represented by each Warrant Certificate may be exercised by the holder thereof on or before 5:00 p.m., Minneapolis time, on October ___, 2001, unless extended by the Company, by surrender of the Warrant Certificate with the Purchase Form, which is printed on the reverse thereof (or a reasonable facsimile thereof) duly executed by such holder, to the Warrant Agent at its principal office in Minneapolis, Minnesota, accompanied by payment, in cash or by certified or official bank check payable to the order of the Company, in an amount equal to the product of the number of shares of Common Stock issuable upon exercise of the Warrant represented by such Warrant Certificate, as adjusted pursuant to the provisions of Article III hereof, multiplied by the exercise price of $8.50, as adjusted pursuant to the provisions of Article III hereof (such price as so adjusted from time to time being herein called the "Exercise Price"), and such holder shall be entitled to receive such number of fully paid and nonassessable shares of Common Stock, as so adjusted, at the time of such exercise.

Section 2.2. Time of Exercise. Each exercise of Warrants shall be deemed to have been effective immediately prior to the close of business on the business day on which the Warrant Certificate relating to such Warrants shall have been surrendered to the Warrant Agent as provided in Section 2.1, and at such time the person or persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such exercise as provided in Section 2.3, shall be deemed to have become the holder or holders of record thereof.

Section 2.3. Issuance of Shares of Common Stock; No Fractional Shares. As soon as practicable after the exercise of any Warrant, and in any event within ten (10) days after receipt by the Warrant Agent of the notice of exercise under Section 2.1, the Company at its expense (including the payment by it of any applicable issue taxes) will cause to be issued in the name of and delivered to the holder thereof or as such holder (upon payment by such holder of any applicable transfer taxes) may direct,

(a) a certificate or certificates for the number of fully paid and nonassessable shares of Common Stock to which such holder shall be entitled upon such exercise plus, in lieu of any fractional share to which such holder would otherwise be entitled, an amount in cash equal to such fraction multiplied by the then current value of a share of Common Stock, such current value to be determined as follows:

(i) if the Common Stock shall be listed or admitted to unlisted trading privileges on any single national securities exchange, then such current value shall be computed on the basis of the last reported sale price of the Common Stock on such exchange on the last business day prior to the date

of the exercise of such Warrant upon which a sale shall have been effected; or

(ii) if the Common Stock shall not be so listed or admitted to unlisted trading privileges and bid and asked prices therefor in the over-the-counter market shall be reported by NASDAQ, including the SmallCap Market System, then such current value shall be the last reported sale on the last business day prior to the date of the exercise of such Warrant, or, in the event the last reported sale is unavailable, the average of the closing bid and asked prices on the last business day prior to the date of the exercise of such Warrant as so reported; or

(iii) if the Common Stock shall be listed or admitted to unlisted trading privileges on more than one national securities exchange or one or more national securities exchanges and in the over-the-counter market, then such current value shall, if different as a result of calculation under the applicable method(s) described above in this Section, be deemed to be the higher number calculated in connection therewith; or

(iv) if the Common Stock shall not be so listed or admitted to unlisted trading privileges and such bid and asked prices shall not be so reported, then such current value shall be computed on the basis of the book value of Common Stock as of the close of business on the last day of the month immediately preceding the date upon which such Warrant was exercised, as determined by the Company,

and

(b) in case such exercise includes only part of the Warrants represented by any Warrant Certificate, a new Warrant Certificate or Warrant Certificates of like tenor, calling in the aggregate on the face or faces thereof for the number of shares of Common Stock equal (without giving effect to any adjustment therein) to the number of such shares called for on the face of such Warrant Certificate minus the number of such shares designated by the holder for such exercise as provided in Section 2.1. Warrants, represented by a properly assigned Warrant Certificate, may be exercised by a new holder without first having a new Warrant Certificate issued.

Section 2.4. Extension of Exercise Period; Change of Exercise Price. The Company may, upon notice given to the Warrant Agent, and without the consent of the holders of the Warrant Certificates, (i) reduce the Exercise Price during all or any portion of the originally stated exercise period, or (ii) extend the period over which the Warrants are exercisable beyond October ___, 2001 and increase the Exercise Price for any period the Warrant exercise period is extended. In the case of the extension of the exercise period or a change in the Exercise Price, the Company must provide the Warrant Agent and the Warrantholders of record notice of such extension of the exercise period, specifying, as the case may be, the time to which such exercise period is

extended, or specifying the new Exercise Price and the periods for which such new Exercise Price is in effect, a reasonable time prior to the date such extension or new Exercise Price is to take effect, such reasonable time to be commercially reasonable and consistent with applicable securities laws and regulations.

ARTICLE III.
ANTIDILUTION PROVISIONS

Section 3.1. Adjustment of Exercise Price.

(a) The Exercise Price shall be subject to the following adjustments. In the event that:

(i) any dividends on any class of stock of the Company payable in Common Stock or securities convertible into Common Stock shall be paid by the Company;

(ii) the Company shall subdivide its then outstanding shares of Common Stock into a greater number of shares; or

(iii) the Company shall combine outstanding shares of Common Stock, by reclassification or otherwise;

then, in any such event, the Exercise Price in effect immediately prior to such event shall (until adjusted again pursuant hereto) be adjusted immediately after such event to a price (calculated to the nearest full cent) determined by dividing (A) the number of shares of Common Stock outstanding immediately prior to such event, multiplied by the then existing Exercise Price, by (B) the total number of shares of Common Stock outstanding immediately after such event (including the maximum number of shares of Common Stock issuable in respect of any securities convertible into Common Stock), and the resulting quotient shall be the adjusted Exercise Price per share.

(b) No adjustment of the Exercise Price shall be made if the amount of such adjustments shall be less than no per share, but in such case any adjustment that would otherwise be required then to be made shall be carried forward and shall be made at the time and together with the next subsequent adjustment which, together with any adjustment or adjustments so carried forward, shall amount to not less than no per share.

Section 3.2. Adjustment of Number of Shares Purchasable on Exercise of Warrants. Upon each adjustment of the Exercise Price pursuant to Section 3.1, the registered holder of each Warrant shall thereafter (until another such adjustment) be entitled to purchase at the adjusted Exercise Price the number of shares, calculated to the nearest full share, obtained by multiplying the number of shares specified in such Warrant (as adjusted as a result of all adjustments in the Exercise Price in effect prior to such adjustment) by the Exercise Price in effect prior to such adjustment and dividing the product so obtained by the adjusted Exercise Price.

Section 3.3. Notice as to Adjustment. Upon any adjustment of the Exercise Price and an increase or decrease in the number of shares of Common Stock purchasable upon the exercise of the Warrants, then, and in each such case, the Company shall within ten (10) days after the effective date of such adjustment give written notice thereof, by first class mail, postage prepaid, addressed to each registered Warrantholder at the address of such Warrantholder as shown on the books of the Company, which notice shall state the adjusted Exercise Price and the increased or decreased number of shares purchasable upon the exercise of the Warrants, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

Section 3.4. Effect of Reorganization, Reclassification, Merger, Etc. If at any time while any Warrant is outstanding there should be any capital reorganization or reclassification of the capital stock of the Company (other than the issue of any shares of Common Stock in subdivision of outstanding shares of Common Stock by reclassification or otherwise and other than a combination of shares provided for in Section 3.1 hereof) or any consolidation or merger of the Company with another corporation or any sale, conveyance, lease or other transfer by the Company of all or substantially all of its assets to any other corporation, the holder of any Warrant shall, during the remainder of the period such Warrant is exercisable, be entitled to receive, upon payment of the Exercise Price, the number of shares of stock or other securities or property of the Company, or of the successor corporation resulting from such consolidation or merger, or of the corporation to which the assets of the Company has been sold, conveyed, leased or otherwise transferred, as the case may be, to which the Common Stock (and any other securities and property) of the Company, deliverable upon the exercise of such Warrant, would have been entitled upon such capital reorganization, reclassification of capital stock, consolidation, merger, sale, conveyance, lease or other transfer

if such Warrant had been exercised immediately prior to such capital reorganization, reclassification of capital stock, consolidation, merger, sale, conveyance, lease or other transfer; and, in any such case, appropriate adjustment (as determined by the Board of Directors of the Company) shall be made in the application of the provisions set forth in this Warrant Agreement with respect to the rights and interests thereafter of the Warrantholders to the end that the provisions set forth in this Warrant Agreement (including the adjustment of the Exercise Price and the number of shares issuable upon the exercise of the Warrants) shall thereafter be applicable, as near as may be reasonably practicable, in relation to any shares or other property thereafter deliverable upon the exercise of the Warrants as if the Warrants had been exercised immediately prior to such capital reorganization, reclassification of capital stock, such consolidation, merger, sale, conveyance, lease or other transfer and the Warrantholders had carried out the terms of the exchange as provided for by such capital reorganization, reclassification, consolidation or merger. The Company shall not effect any such capital reorganization, consolidation, merger or transfer unless, upon or prior to the consummation thereof, the successor corporation or the corporation to which the property of the Company has been sold, conveyed, leased or otherwise transferred shall assume by written instrument the obligation to deliver to the holder of each Warrant such shares of stock, securities, cash or property as in accordance with the foregoing provisions such holder shall be entitled to purchase.

Section 3.5. Prior Notice as to Certain Events. In case at any time:

(a) The Company shall pay any dividend upon its Common Stock payable in stock or make any distribution (other than cash dividends) to the holders of its
Common Stock; or

(b) The Company shall offer for subscription pro rata to the holders of its Common Stock any additional shares of stock of any class or any other rights; or

(c) There shall be any capital reorganization or reclassification of the capital stock of the Company, or consolidation or merger of the Company with, or sale, conveyance, lease or other transfer of all or substantially all of its assets to, another corporation; or

(d) There shall be a voluntary or involuntary dissolution, liquidation or winding up of the Company;

then in any one or more of such cases, the Company shall give prior written notice, by first class mail, postage prepaid, addressed to each registered Warrantholder at the address of such Warrantholder as shown on the books of the Company, of the date on which (i) the books of the Company shall close or a record shall be taken for such stock dividend, distribution or subscription rights or (ii) such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up shall take place, as the case may be. Such notice shall also specify the date as of which the holders of the Common Stock of record shall participate in such dividend, distribution or subscription rights or shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation, or winding up, as the case may be. Such written notice shall be given at least twenty (20) days prior to the action in question and not less than twenty (20) days prior to the record date or the date on which the Company's transfer books are closed in respect thereto.

Section 3.6. Certain Obligations of the Company. The Company will not,

by amendment of its articles of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant Agreement or the Warrant Certificate, but will at all times in good faith assist in the carrying out of all such terms. Without limiting the generality of the foregoing, the Company (a) will take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of such stock upon the exercise of all Warrants from time to time outstanding, and (b) will not (i) transfer all or substantially all of its properties and assets to any other person or entity, or (ii) consolidate with or merge into any other entity where the Company is not the continuing or surviving entity, or (iii) permit any other entity to consolidate with or merge into the Company where the Company is the continuing or surviving entity but, in connection with such consolidation or merger, the Common Stock then issuable upon the exercise of the Warrants shall be changed into or exchanged for shares or other securities or property of any other entity unless, in any such case, the other entity acquiring such properties and assets,

continuing or surviving after such consolidation or merger or issuing or distributing such shares or other securities or property, as the case may be, shall expressly assume in writing and be bound by all the terms of this Warrant Agreement and the Warrant Certificates.

Section 3.7. Reservation and Listing of Common Stock. The Company will at all times reserve and keep available, solely for issuance and delivery upon the exercise of the Warrants, all shares of Common Stock from time to time issuable upon such exercise. All such shares shall be authorized and, when issued upon such exercise, shall be validly issued, fully paid and nonassessable with no liability on the part of the holder thereof. The Company, at its expense, will list on each national securities exchange on which any Common Stock may at any time be listed, subject to official notice of issuance, and will maintain such listing of, the shares of Common Stock from time to time issuable upon the exercise of the Warrants.

Section 3.8. Registration or Exemption for Common Stock. The Company will use its best efforts (a) at all times the Warrants are exercisable to maintain an effective registration statement under the Securities Act of 1933, as amended (the "Act"), covering Common Stock issuable upon exercise of the Warrants, (b) from time to time to amend or supplement the prospectus contained in such registration statement to the extent necessary in order to comply with applicable law, (c) to qualify for exemption from the registration requirements of the Act the Common Stock issuable upon exercise of the Warrants, and (d) to maintain exemptions or qualifications, in those jurisdictions in which the original registration statement relating to the Warrants was initially qualified, to permit the exercise of the Warrants and the issuance of the Common Stock pursuant to such exercise. The Warrant Agent shall have no responsibility for the maintenance of such exemptions or qualifications or for liabilities arising from the exercise or attempted exercise of Warrants in jurisdictions where exemptions or qualifications have not been maintained or are otherwise unavailable.

ARTICLE IV.
REDEMPTION OF WARRANTS

Section 4.1. Redemption Price. The Warrants may be redeemed at the option of the Company, at any time 90 days after the date hereof following a period of 20 consecutive trading days where the per share average closing bid price of the Common Stock exceeds 120% of the Exercise Price, on notice as set forth in Section 4.2, and at a redemption price equal to $.01 per Warrant. For purposes of this Section, the closing bid price of the Common Stock shall be

determined by the closing bid price as reported by NASDAQ so long as the Common Stock is quoted on NASDAQ and, if the Common Stock is listed on a national securities exchange, shall be determined by the last reported sale price on the primary exchange on which the Common Stock is traded.

Section 4.2. Notice of Redemption. In the case of any redemption of Warrants, the Company or, at its request, the Warrant Agent in the name of and at the expense of the Company shall give notice of such redemption to the holders of the Warrants to be redeemed as hereinafter provided in this Section 4.2. Notice of redemption to the holders of Warrants shall be given by

mailing by first-class mail a notice of such redemption not less than 30 days prior to the date fixed for redemption. Any notice which is given in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the holder receives the notice. In any case, failure duly to give such notice, or any defect in such notice, to the holder of any Warrant Certificate shall not affect the validity of the proceedings for the redemption of Warrants represented by any other Warrant Certificate. Each such notice shall specify the date fixed for redemption, the place of redemption and the redemption price of $.01 at which each Warrant is to be redeemed, and shall state that payment of the redemption price of the Warrants will be made on surrender of the Warrants at such place of redemption, and that if not exercised by the close of business on the date fixed for redemption, the exercise rights of the Warrants identified for redemption shall expire unless extended by the Company. Such notice shall also state the current Exercise Price and the date on which the right to exercise the Warrants will expire unless extended by the Company.

Section 4.3. Payment of Warrants on Redemption; Deposit of Redemption Price. If notice of redemption shall have been given as provided in Section 4.2, the redemption price of $.01 per Warrant shall, unless the Warrant is theretofore exercised pursuant to the terms hereof, become due and payable on the date and at the place stated in such notice. On and after such date of redemption, provided that cash sufficient for the redemption thereof shall then be deposited by the Company with the Warrant Agent for that purpose, the exercise rights of the Warrants identified for redemption shall expire. On presentation and surrender of Warrant Certificates at such place of payment in such notice specified, the Warrants identified for redemption shall be paid and redeemed at the redemption price of $.01 per Warrant. Prior to the date fixed for redemption, the Company shall deposit with the Warrant Agent an amount of money sufficient to pay the redemption price of all the Warrants identified for redemption. Any monies which shall have been deposited with the Warrant Agent for redemption of Warrants and which are not required for that purpose by reason of exercise of Warrants shall be repaid to the Company upon delivery to the Warrant Agent of evidence satisfactory to it of such exercise.

ARTICLE V.
CERTAIN OTHER PROVISIONS RELATING TO RIGHTS OF HOLDERS OF WARRANT CERTIFICATES

Section 5.1. No Rights of Shareholders. The Warrant Certificates shall be issued in registered form only. No Warrant Certificate shall entitle the holder thereof to any of the rights of a holder of shares of Common Stock of the Company, including, without limitation, the right to vote, to receive dividends and other distributions, or to receive any notice of, or to attend, meetings of holders of Common Stock or any other proceedings of the Company.

Section 5.2. Loss, Theft, Destruction or Mutilation of Warrant Certificates. Upon receipt by the Warrant Agent of evidence reasonably

satisfactory to the Warrant Agent of the loss, theft, destruction or mutilation of any Warrant Certificate, and (a) in the case of any such loss, theft, or destruction, upon delivery to the Warrant Agent of an indemnity bond in form and amount, and issued by a bonding company, reasonably satisfactory to the Company, or (b) in the case of any

such mutilation, upon surrender to and cancellation by the Warrant Agent of such Warrant Certificate, the Company at its expense will execute and cause the Warrant Agent to countersign and deliver, in lieu thereof, a new Warrant Certificate of like tenor.

Section 5.3. Transfer Agent; Cancellation of Warrant Certificates; Unexercised Warrants. Firstar Trust Company (and any successor), as transfer agent (the "Transfer Agent"), is hereby irrevocably authorized and directed at all times to reserve such number of authorized and unissued shares of Common Stock as shall be sufficient to permit the exercise in full of all Warrants from time to time outstanding. The Company will keep a copy of this Agreement on file with the Transfer Agent. The Warrant Agent, and any successor thereto, is hereby irrevocably authorized to requisition from time to time from the Transfer Agent certificates for shares of Common Stock required for exercise of Warrants. The Company will supply the Transfer Agent with duly executed certificates for shares of Common Stock for such purpose and will make available any cash required in settlement of fractional share interests. All Warrant Certificates surrendered upon the exercise or redemption of Warrants shall be cancelled by the Warrant Agent and shall thereafter be delivered to the Company; such cancelled Warrant Certificates, with the Purchase Form on the reverse thereof duly filled in and signed, shall constitute conclusive evidence as between the parties hereto of the numbers of shares of Common Stock which shall have been issued upon exercises of Warrants. Promptly after the last day on which the Warrants are exercisable (set forth in Section 2.1 above), the Warrant Agent shall certify to the Company the aggregate number of Warrants then outstanding and unexercised. No shares of Common Stock shall be subject to reservation with respect to Warrants not exercised prior to the time and date identified in Section 2.1 above as the last time and date at which Warrants may be exercised.

ARTICLE VI.
TRANSFER AND EXCHANGE OF WARRANT CERTIFICATES

Section 6.1. Warrant Register; Transfer or Exchange of Warrant Certificates. The Warrant Agent shall cause to be kept at the principal office of the Warrant Agent a register (the "Warrant Register") in which, subject to such reasonable regulations as the Company may prescribe, provisions shall be made for the registration of transfers and exchanges of Warrant Certificates. Upon surrender for transfer or exchange of any Warrant Certificates, properly endorsed, to the Warrant Agent, the Warrant Agent at the Company's expense will issue and deliver to or upon the order of the holder thereof a new Warrant Certificate or Warrant Certificates of like tenor, in the name of such holder or as such holder (upon payment by such holder of any applicable transfer taxes) may direct, calling in the aggregate on the face or faces thereof for the number of shares of Common Stock called for on the face of the Warrant Certificate so surrendered. Any Warrant Certificate surrendered for transfer or exchange shall be cancelled by the Warrant Agent and shall thereafter be delivered to the Company.

Section 6.2. Identity of Warrantholders. Until a Warrant Certificate is transferred in the Warrant Register, the Company and the Warrant Agent may treat the person in whose name the Warrant Certificate is registered as the absolute owner thereof and of the Warrants represented thereby for all purposes, notwithstanding any notice to the contrary, except that, if and when any

Warrant Certificate is properly assigned in blank, the Company and the Warrant Agent may (but shall not be obligated to) treat the bearer thereof as the absolute owner of the Warrant Certificate and of the Warrants represented thereby for all purposes, notwithstanding any notice to the contrary.

ARTICLE VII.
CONCERNING THE WARRANT AGENT

Section 7. 1. Taxes. The Company will, from time to time, promptly pay to the Warrant Agent, or make provision satisfactory to the Warrant Agent for the payment of, all taxes and charges that may be imposed by the United States or any State upon the Company or the Warrant Agent upon the transfer or delivery of shares of Common Stock upon the exercise of Warrants, but the Company shall not be obligated to pay any tax imposed in connection with any transfer involved in the delivery of a certificate for shares of Common Stock in any name other than that of the registered holder of the Warrant Certificate surrendered in connection with the purchase thereof.

Section 7.2. Replacement of Warrant Agent in Certain Circumstances.

(a) The Warrant Agent may resign its duties and be discharged from all further duties and liabilities hereunder after giving thirty (30) days notice in writing to the Company, except that such shorter notice may be given as the Company shall, in writing, accept as sufficient. The Company may discharge the Warrant Agent at any time with or without reason, effective upon thirty (30) days written notice to the Warrant Agent or such shorter period as the Warrant Agent shall, in writing, accept as sufficient. If the office of Warrant Agent becomes vacant by resignation, discharge, incapacity to act or otherwise, the Company shall appoint in writing a new Warrant Agent, the principal office of which shall be in Minnesota. If the Company shall fail to make such appointment within a period of thirty (30) days after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Warrant Agent or by the holder of a Warrant Certificate, then the holder of any Warrant Certificate may apply to any court of competent jurisdiction for the appointment of a new Warrant Agent. Any new Warrant Agent, whether appointed by the Company or by such a court, shall be a corporation organized and doing business under the laws of the United States or of the State of Minnesota, of good standing, and having its principal office in Minnesota, which is authorized under such laws to exercise corporate trust powers and is subject to supervision or examination by Federal or State authority. Any new Warrant Agent appointed hereunder shall execute, acknowledge and deliver to the Company an instrument accepting such appointment hereunder and thereupon such new Warrant Agent without any further act or deed shall become vested with all the rights, powers, duties and responsibilities of the Warrant Agent hereunder with like effect as if it had been named as the Warrant Agent; but if for any reason it becomes necessary or expedient to have the former Warrant Agent execute and deliver any further assurance, conveyance, act or deed, the same shall be done and shall be legally and validly executed and delivered by the former Warrant Agent. Not later than the effective date of any such

appointment the Company shall file notice thereof with the former Warrant Agent. The Company shall promptly give notice of any such appointment to the holders of the Warrant Certificates by mail to their addresses as shown in the Warrant Register. Failure to file or give such notice, or any defect therein, shall not affect the legality or validity of the appointment of the successor Warrant Agent.

(b) Any company into which the Warrant Agent or any new Warrant Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which the Warrant Agent or any new Warrant Agent shall be a party shall be the successor Warrant Agent under this Warrant Agreement without any further act; provided that if such company would not be eligible for appointment as a successor Warrant Agent under the provisions of paragraph (a) of this Section 7.2 the Company shall forthwith appoint a new Warrant Agent in accordance with such provisions. Any such successor Warrant Agent may adopt the prior countersignature of any predecessor Warrant Agent and deliver Warrant Certificates countersigned and not delivered by such predecessor Warrant Agent or may countersign Warrant Certificates either in the name of any predecessor Warrant Agent or the name of the successor Warrant Agent.

Section 7.3. Remuneration of Warrant Agent. The Company will pay the Warrant Agent reasonable remuneration for its services as Warrant Agent hereunder and will reimburse the Warrant Agent upon demand for all expenditures that the Warrant Agent may reasonably incur in the execution of its duties hereunder.

Section 7.4. Further Assurances. The Company will perform, exercise, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Warrant Agent for the carrying out or performing by the Warrant Agent of the provisions of this Warrant Agreement.

Section 7.5. Limitations on Liabilities of the Warrant Agent.

(a) The Warrant Agent may consult with legal counsel (who may be legal counsel for the Company), and the opinion of such counsel shall be full and complete authorization and protection of the Warrant Agent as to any action taken or omitted by it in good faith and in accordance with such opinion.

(b) Whenever, in the performance of its duties under this Warrant Agreement, the Warrant Agent shall deem it necessary or desirable that any matter be proved or established, or that any instructions with respect to the performance of its duties hereunder be given, by the Company prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established, or such instructions may be given, by a certificate or instrument signed by an officer of the Company and delivered to the Warrant Agent; and such certificate or instrument shall be full authorization to the Warrant Agent for any action taken

or suffered in good faith by it under the provisions of this Warrant Agreement in reliance upon such certificate or instrument; but in its discretion the Warrant Agent may in lieu thereof accept other evidence of such matter or may require such further or additional evidence as it may deem reasonable.

(c) The Warrant Agent shall be liable hereunder only for its own negligence or willful misconduct. The Warrant Agent shall act hereunder solely as agent, and its duties shall be determined solely by the provisions hereof. The Company agrees to indemnify the Warrant Agent and save it harmless against any and all liabilities, including judgments, costs and counsel fees, for anything done or omitted by the Warrant Agent in the execution of this Warrant Agreement except as a result of the Warrant Agent's negligence or willful misconduct.

(d) The Warrant Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Warrant Agreement or in the Warrant Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Warrant Agent shall not be under any responsibility in respect to the validity or execution of any Warrant Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Warrant Agreement or in any Warrant Certificate; nor shall it be responsible for the making of any adjustment in the Exercise Price, or number of shares issuable upon exercise of the Warrant Certificates or responsible for the manner, method or amount of any such adjustment or the facts that would require any such adjustment; nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any shares of Common Stock to be issued pursuant to this Warrant Agreement or any Warrant Certificate or as to whether any shares of Common Stock or other securities are or will be validly authorized and issued and fully paid and nonassessable.

Section 7.6. Amendment and Modification. The Warrant Agent may, without the consent or concurrence of the holders of the Warrant Certificates, by supplemental agreement or otherwise, join with the Company in making any changes or corrections in this Warrant Agreement that they shall have been advised by counsel (a) are required to cure any ambiguity or to correct any defective or inconsistent provision or clerical omission or mistake or manifest error herein contained, (b) add to the obligations of the Company in this Warrant Agreement further obligations thereafter to be observed by it, or surrender any right or power reserved to or conferred upon the Company in this Warrant Agreement, or (c) do not or will not adversely affect, alter or change the rights, privileges or immunities of the holders of Warrant Certificates not provided for under this Warrant Agreement; provided, however, that any term of this Warrant Agreement or any Warrant Certificate may be changed, waived, discharged or terminated by an

instrument in writing signed by each party against which enforcement of such change, waiver, discharge or termination is sought, or by which the same is to be performed or observed.

ARTICLE VIII.
OTHER MATTERS

Section 8.1. Successors and Assigns. All the covenants and provisions of this Warrant Agreement by or for the benefit of the Company or the Warrant Agent shall bind and inure to the benefit of their respective successors and assigns.

Section 8.2. Notices. Any notice or demand authorized by this Warrant Agreement to be given or made by the Warrant Agent or by the holder of any Warrant Certificate to or on the Company shall be sufficiently given or made if sent by first class or registered mail, postage prepaid, addressed (until another address is filed in writing by the Company with the Warrant Agent) as follows:

Famous Dave's of America, Inc.
12700 Industrial Park Boulevard, Suite 60
Plymouth, MN 55441

Any notice or demand authorized by this Warrant Agreement to be given or made by the holder of any Warrant Certificate or by the Company to or on the Warrant Agent shall be sufficiently given or made if sent by first class or registered mail, postage prepaid, addressed (until another address is filed in writing by the Warrant Agent with the Company) as follows:

Firstar Trust Company
615 East Michigan Street
Milwaukee, MI 53201-2077

Section 8.3. Governing Law. This Warrant Agreement and the Warrant Certificates are being delivered in the State of Minnesota and shall be construed and enforced in accordance with and governed by the laws of such State.

Section 8.4. No Benefits Conferred. Nothing in this Warrant Agreement expressed and nothing that may be implied from any of the provisions hereof is intended, or shall be construed, to confer upon, or give to, any person or corporation other than the Company, the Warrant Agent, and the holders of the Warrant Certificates, any right, remedy or claim under or by reason of this Agreement or of any covenant, condition, stipulation, promise or agreement herein; and all covenants, conditions, stipulations, promises and agreements in this Warrant Agreement contained shall be for the sole and exclusive benefit of the Company, the Warrant Agent, their respective successors and the holders of the Warrant Certificates.

Section 8.5. Headings. The descriptive headings used in this Warrant Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

IN WITNESS WHEREOF, this Warrant Agreement has been duly executed by the parties hereto as of the day and year first above written.

FAMOUS DAVE'S OF AMERICA, INC.

By _____
Its Chief Executive Officer

FIRSTAR TRUST COMPANY

By _____
Its _____

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EXHIBIT A

No. _____ Certificate for _____ Warrants

THIS WARRANT CERTIFICATE MAY BE
TRANSFERRED SEPARATELY FROM THE COMMON STOCK CERTIFICATE
WITH WHICH IT IS INITIALLY ISSUED

EXERCISABLE ON OR BEFORE, AND VOID AFTER,
5:00 P.M. MINNEAPOLIS TIME OCTOBER _____, 2001

FAMOUS DAVE'S OF AMERICA, INC.

WARRANTS TO PURCHASE COMMON STOCK OF
FAMOUS DAVE'S OF AMERICA, INC.
INCORPORATED UNDER THE LAWS OF THE STATE OF MINNESOTA

THIS CERTIFIES that CUSIP 307068 11 4

or assigns, is the owner of the number of Warrants set forth above, each of which represents the right to purchase from Famous Dave's of America, Inc., a Minnesota corporation (the "Company"), at any time on or before 5:00 Minneapolis time, October ___, 2001, upon compliance with and subject to the conditions set forth herein and in the Warrant Agreement hereinafter referred to, one share (subject to adjustments referred to below) of the Common Stock of the Company (such shares or other securities or property purchasable upon exercise of the Warrants being herein called the "Shares"), by surrendering this Warrant Certificate, with the Purchase Form on the reverse side duly executed, at the principal office of Firstar Trust Company, or its successor, as warrant agent (the "Warrant Agent"), and by paying in full, in cash or by certified or official bank check payable to the order of the Company, the exercise price of $8.50 per share.

Upon any exercise of less than all the Warrants evidenced by this Warrant Certificate, there shall be issued to the holder a new Warrant Certificate in respect of the Warrants as to which this Warrant Certificate was not exercised.

Upon the surrender for transfer or exchange hereof, properly endorsed, to the Warrant Agent, the Warrant Agent at the Company's expense will issue and deliver to the order of the holder hereof, a new Warrant Certificate or Warrant Certificates of like tenor, in the name of such holder or as such holder (upon payment by such holder of any applicable transfer taxes) may

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direct, calling in the aggregate on the face or faces thereof for the number of shares of Common Stock called for on the face hereof.

The Warrant Certificates are issued only as registered Warrant Certificates. Until this Warrant Certificate is transferred in the Warrant Register, the Company and the Warrant Agent may treat the person in whose name this Warrant Certificate is registered as the absolute owner hereof and of the Warrants represented hereby for all purposes, notwithstanding any notice to the contrary.

This Warrant Certificate is issued under the Warrant Agreement dated as of October ___, 1996 between the Company and the Warrant Agent. The Warrant Agreement is hereby incorporated by reference into this Warrant Certificate and this Warrant Certificate is subject to the terms and provisions contained in said Warrant Agreement, to all of which terms and provisions the registered holder of this Warrant Certificate consents by acceptance hereof. Copies of said Warrant Agreement are on file at the principal office of the Warrant Agent in Milwaukee, Wisconsin, and may be obtained by writing to the Warrant Agent.

The number of Shares receivable upon the exercise of the Warrants represented by this Warrant Certificate and the exercise price per share are subject to adjustment upon the happening of certain events specified in the Warrant Agreement.

No fractional Shares of the Company's Common Stock will be issued upon the exercise of Warrants. As to any final fraction of a share which a holder of Warrants exercised in the same transaction would otherwise be entitled to purchase on such exercise, the Company shall pay a cash adjustment in lieu of any fractional Share determined as provided in the Warrant Agreement.

The Warrants may be redeemed at the option of the Company, at any time following a period of 10 consecutive trading days where the per share average closing bid price of the Common Stock exceeds 120% of the Exercise Price, on notice as set forth in the Warrant Agreement, and at a redemption price equal to $.01 per Warrant. If notice of redemption shall have been given as provided in the Warrant Agreement and cash sufficient for the redemption be deposited by the Company for that purpose, the exercise rights of the Warrants identified for redemption shall expire at the close of business on such date of redemption unless extended by the Company.

This Warrant Certificate shall not entitle the holder hereof to any of the rights of a holder of Common Stock of the Company, including, without limitation, the right to vote, to receive dividends and other distributions, to exercise any preemptive right, or to receive any notice of, or to attend meetings of holders of Common Stock or any other proceedings of the Company.

This Warrant Certificate shall be void and the Warrants and any rights represented hereby shall cease unless exercised on or before 5:00 p.m. Minneapolis time on October ___, 2001, unless extended by the Company.

This Warrant Certificate shall not be valid for any purpose until it shall have been countersigned by the Warrant Agent.

WITNESS the facsimile signatures of the Company's duly authorized officers.

FAMOUS DAVE'S OF AMERICA, INC.

By _____
Chairman of the Board

By _____

Secretary

COUNTERSIGNED AND REGISTERED:
as Warrant Agent

FIRSTAR TRUST COMPANY

By _____
Authorized Officer

[REVERSE OF WARRANT CERTIFICATE]

THE CORPORATION WILL FURNISH ANY SHAREHOLDER UPON REQUEST AND WITHOUT CHARGE, A COPY OF THE ARTICLES OF INCORPORATION AND A FULL STATEMENT OF THE DESIGNATIONS, PREFERENCES, LIMITATIONS, AND RELATIVE RIGHTS OF THE SHARES OF EACH CLASS OR SERIES AUTHORIZED TO BE ISSUED, SO FAR AS THEY HAVE BEEN DETERMINED, AND THE AUTHORITY OF THE BOARD TO DETERMINE THE RELATIVE RIGHTS AND PREFERENCES OF SUBSEQUENT CLASSES OR SERIES.

TO: Famous Dave's of America, Inc.
c/o Firstar Trust Company
Warrant Agent

PURCHASE FORM
(To be Executed by the Registered Holder
in Order to Exercise of Warrant Certificates)

The undersigned hereby irrevocably elects to exercise _____* of the Warrants represented by the Warrant Certificate and to purchase for cash the Shares issuable upon the exercise of said Warrants and requests that certificates for such Shares shall be issued in the name of

PLEASE INSERT SOCIAL SECURITY
OR OTHER IDENTIFYING NUMBER OF
REGISTERED HOLDER OF CERTIFICATE

_____
(Print Name)

_____
(Address)

Dated: _____ Signature: _____

* Insert here the number of Warrants evidenced on the face of this Warrant Certificate (or, in the case of a partial exercise, the portion thereof being exercised), in either case without making any adjustment for additional Common Stock or any other securities or property or cash which, pursuant to the adjustment provisions referred to in this Warrant Certificate, may be deliverable upon exercise.

ASSIGNMENT FORM
(To be Executed by the Registered Holder
in Order to Transfer Warrant Certificates)

PLEASE INSERT SOCIAL SECURITY
OR OTHER IDENTIFYING NUMBER OF
ASSIGNEE

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers _____ of the Warrants to purchase shares of Common Stock represented by this Warrant Certificate unto

_____
(Please print or typewrite name and address including postal zip code of assignee)

_____

_____

and does hereby irrevocably constitute and appoint _____

Attorney to transfer this Warrant Certificate on the records of the Company with full power of substitution in the premises.

Dated:_____ Signature(s) _____

SIGNATURE(S) GUARANTEED:

_____

NOTICE

The signature(s) to the Purchase Form or the Assignment Form must correspond to the name as written upon the face of this Warrant Certificate in every particular without alteration or enlargement or any change whatsoever.

89275-1

EXHIBIT 5

[MASLON EDELMAN BORMAN & BRAND LETTERHEAD]

September 30, 1996

Famous Dave's of America, Inc.
12700 Industrial Park Boulevard, Suite 60
Minneapolis, Minnesota 55441

Re: Registration Statement on Form SB-2

Ladies and Gentlemen:

We have acted on behalf of Famous Dave's of America, Inc. (the "Company") in connection with a Registration Statement on Form SB-2 (the "Registration Statement") filed by the Company with the Securities and Exchange Commission relating to Units (the "Units"), each consisting of one share (the "Unit Shares") of Common Stock, $.01 par value (the "Common Stock") of the Company and one Class A Warrant (the "Warrants") to purchase one share of the Common Stock, and shares (the "Warrant Shares") of the Common Stock issuable upon exercise of the Warrants, all of which are to be issued by the Company. Upon examination of such corporate documents and records as we have deemed necessary or advisable for the purposes hereof and including and in reliance upon certain certificates by the Company, it is our opinion that:

1. The Company is a validly existing corporation in good standing under the laws of the State of Minnesota.

2. The Units, the Unit Shares, the Warrants and the Warrant Shares, when issued and sold as contemplated in the Registration Statement, will be validly issued, fully paid and non-assessable.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement.

Very truly yours,

Maslon Edelman Borman & Brand, PLLP

EXHIBIT 10.5

January 4, 1996

Tenant shall use its best efforts to get approval from the City of Minneapolis to enclose the Farmers Market Area. In the event Tenant is unable to secure such approval and the Farmers Market Area is not enclosed and occupied by Tenant, then Landlord and Tenant shall modify the Lease to remove the Farmers Market Area from the Premises to adjust Annual Minimum Rent and Percentage Rent Breakpoints on a pro-rata basis.

LANDLORD: CALHOUN SQUARE ASSOCIATES
LIMITED PARTNERSHIP

By Calhoun Square Associates
General Partner of Calhoun
Square Associates Limited
Partnership

By RHH Limited Partnership
General Partner of Calhoun
Square Associates

By _____
General Partner of
RHH Limited Partnership

TENANT: LAKE & HENNEPIN BBQ
AND BLUES, INC.

By_____

Its_____

SHOPPING CENTER LEASE

CALHOUN SQUARE

Minneapolis, Minnesota

LANDLORD: CALHOUN SQUARE ASSOCIATES
LIMITED PARTNERSHIP

TENANT: LAKE & HENNEPIN BBQ AND
BLUES, INC.

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LEASE

This Lease Agreement, made and entered into this ____ day of January, 1996, by and between CALHOUN SQUARE ASSOCIATES LIMITED PARTNERSHIP, with offices at 3001 Hennepin Avenue South, Suite 301B, Minneapolis, Minnesota 55408, hereinafter called the "Landlord" and LAKE & HENNEPIN BBQ AND BLUES, INC., hereinafter called the "Tenant," with offices at _____ _____.

WITNESSETH:

That, in consideration of the mutual covenants and agreements herein contained, Landlord and Tenant do hereby agree as follows:

ARTICLE I - PERTINENT DATA

Each reference in this Lease to any of the following terms shall be construed to include the pertinent data set forth below.

1. PREMISES: The area designated as space No. G-109, consisting of approximately 5,950 square feet, plus the patio adjacent thereto consisting of approximately 1,445 square feet (which area shall not be included in determining the gross leasable area of the Premises as provided in Article II, Section 3), and the currently existing farmers' market area (hereinafter the "Farmers Market Area") immediately east of space no. G-108 and G-109 consisting of approximately 1,050 square feet, all as further described in Article II. The leasable area as to which rent is payable is 7,000 square feet in aggregate.

2. TERM: Fifteen full lease years, commencing on June 1, 1996 and ending on May 31, 2011. In addition, Tenant shall have options for two extended terms of five (5) years each as provided in Exhibit F, Section 8.

3. PERMITTED USE: A full-service bar-b-que restaurant having a full-service bar and providing live blues entertainment with take-out dining available. In addition, Tenant shall be permitted to sell related merchandise bearing Tenant's trade name and/or logo, pre-recorded music by bands appearing live at the Premises, and merchandise such as t-shirts related to such bands, provided such merchandise and music sales shall be incidental to Tenant's primary restaurant, bar and entertainment use.

4. ANNUAL MINIMUM RENT:

(a) For each year during the initial ten (10) years of the term of the Lease (i.e., through May 31, 2006), annual minimum rent shall be $126,000 per year, payable $10,500 per month.

(b) Provided that Tenant completes its improvements (except for punch list items which do not prevent Tenant from operating) and opens for business on or before August 1, 1996 (subject to

delays by reason of Acts of God, the negligence of Landlord or unreasonable delays by Landlord in reviewing Tenant's plans and specifications or other cause beyond the control of Tenant, provided that Tenant shall promptly notify Landlord in writing of such delays and shall use due diligence to overcome such delays as expeditiously as possible), and further provided that Tenant has met the requirements of Exhibit F, Section 6 as to the cost of tenant improvements, and further provided that Tenant is not in default beyond applicable cure periods of any of the covenants, terms and conditions of the Lease to be performed by Tenant, Tenant shall have a credit of $250,000 against the annual minimum rent next coming due hereunder. (See also Exhibit F, Section 69.)

(c) For the five (5) years beginning on June 1, 2006 and ending May 31, 2011, annual minimum rent for each year during the first five (5) year extended term shall be $168,000 per year, payable $14,000 per month.

(d) If Tenant effectively exercises the first option to extend the term of the Lease for an additional period of five (5) years beginning on June 1, 2011, annual minimum rent for each year during the first five (5) year extended term shall be $182,000 per year, payable $15,167 per month.

(e) If Tenant effectively exercises the second option to extend the term of the Lease for an additional period of five (5) years beginning on June 1, 2016, annual minimum rent for each year during the second five (5) year extended term shall be $210,000 per year, payable $17,500 per month.

5. PERCENTAGE RENT RATE: Five percent (5%) of annual gross sales. Accordingly, for each year during the initial ten (10) years of the Lease, Tenant shall pay percentage rent equal to 5% of annual gross sales in excess of $2,520,000; for each year of the next five years (i.e., June 1, 2006 - May 31, 2011) of the Lease, Tenant shall pay percentage rent equal to 5% of annual gross sales in excess of $3,360,000; for each year of the first option term of the Lease, Tenant shall pay percentage rent equal to 5% of annual gross sales in excess of $3,640,000; and for each year of the second option term of the Lease, Tenant shall pay percentage rent equal to 5% of annual gross sales in excess of $4,200,000. Notwithstanding anything to the contrary, provided that Tenant is not in default beyond applicable cure periods of any of the covenants, terms and conditions of the Lease to be performed by Tenant, Tenant shall have a credit against annual percentage rent coming due in each of the first five (5) full fiscal years of the initial term of $12,500. The maximum credit for which Tenant is eligible hereunder shall be $62,500. To the extent the full $12,500 credit is not used in any year, it shall be lost, it being the agreement of the parties that the credits shall not be cumulative.

6. TENANT'S TRADE NAME: Famous Dave's BAR-B-QUE or Famous Dave's BAR-B-QUE & Blues.

7. SECURITY DEPOSIT: $0.00

8. COMMENCEMENT DATE: June 1, 1996. Tenant shall have the right of early possession as provided in Exhibit F, Section 9 for purposes of preparing the Premises for occupancy.

9. ADDITIONAL PROVISIONS: Exhibit F contains additional provisions and amendments to this Lease. In the event of any conflict between the provisions contained in Exhibit F and any other provision of this Lease and its Exhibits, the provisions of Exhibit F shall control.

ARTICLE II -- PREMISES

SECTION 1. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord for the term, at the rental and upon the covenants and conditions

set forth herein, the Premises outlined in red on Exhibit B. The Premises, having the gross leasable area as set forth in Article I, which Landlord and Tenant hereby conclusively agree represents the gross leasable area of the Premises for all purposes of this Lease, constitute a part of a shopping center, commonly known as Calhoun Square Shopping Center, at the Southeast corner of Hennepin Avenue and Lake Street, in the City of Minneapolis, County of Hennepin, State of Minnesota. The term "shopping center," as used herein, shall mean all land, buildings or other improvements owned or leased by Landlord within the boundaries of the tract indicated on Exhibit A. Landlord reserves the right to use the exterior walls and the roof of, and the right to install, maintain, use and repair pipes, ducts, conduits, vents and wires through, the Premises. Landlord shall be entitled to permit other tenants, utility companies and others to exercise such rights. Landlord and anyone else exercising such rights shall use reasonable efforts to avoid unreasonable interference or disturbance of Tenant's decoration or operations within the selling area of the Premises in connection with such installation. Notwithstanding the description of the Premises herein or the depiction of the shopping center on Exhibit B, Landlord may at any time, in its sole discretion, and with or without monetary gain to it or others, increase, reduce, rearrange or change the number, dimensions, or locations of the shopping center buildings, common areas, and parking areas as Landlord shall determine, or devote the same to other purposes either temporarily or permanently; add permanent or portable kiosks, carts or other sales facilities; build additional stories on any building or build adjoining the same; and change store sizes and the identity and type of other stores or tenancies. No such changes, or any of them, shall invalidate or affect this Lease nor result in any liability of Landlord to Tenant. Landlord and Tenant shall, on request by either, modify Exhibit B to reflect any such change(s).

SECTION 2. The exhibits hereto set forth the general layout of the shopping center and may indicate certain existing or proposed store divisions and the identities and locations of certain tenants, but neither said exhibits nor anything else shall be deemed to be or contain any warranty, representation or agreement on the part of the Landlord that any of said matters shall be exactly as indicated on said exhibits or that any particular merchant shall open or remain open for business, or as to the identity, type, number or size of other stores or tenancies in the shopping center.

SECTION 3. If, by reason of casualty, condemnation or a shift in the location of the Premises, the Premises shall be increased or reduced in size, then the gross leasable area of the premises shall be measured from the outside of exterior walls or of those walls facing corridors or stairways or other common areas and from the mid-point of walls common to adjacent tenant premises. No deduction shall be made for columns or other structural or mechanical elements within the Premises. If the Premises includes any mezzanine, terrace, deck, plaza or outdoor area, all of such area shall be included in calculating the gross leasable area of the Premises. If any storage areas are separately leased to Tenant, such areas shall be excluded in calculating the gross leasable area of the Premises.

SECTION 4. The term "gross leasable area in the shopping center," as hereinafter used, shall be deemed to mean the total gross leasable area in all buildings in the shopping center (as initially constructed or as hereinafter enlarged or reduced) which is from time to time designated by Landlord for occupancy by tenants of the shopping center, excluding the square footage of building roofs, common areas (as defined in Article X hereof), outdoor sales areas, and any storage areas separately used by tenants. All measurements shall be made in the manner set forth in Section 3 of this Article.

ARTICLE III -- TERM

SECTION 1. The term of this Lease and Tenant's obligation to pay rent and all other charges shall commence upon that date (hereinafter called the

"Commencement Date") which is the earlier of (a) the Commencement Date specified in Article I, or (b) the date upon which Tenant shall open the Premises for business to the public. The term of this Lease shall continue thereafter for the period specified in Article I. As used in this Lease, the term "lease year" means a 12 calendar month period beginning on the Commencement Date if it is the first day of a calendar month and otherwise beginning on the first day of the first full calendar month following the Commencement Date. If the Commencement Date is other than the first day of a calendar month, the period beginning on the Commencement Date and ending on the last day of the calendar

month in which the Commencement Date occurs shall be referred to as a "partial lease year."

SECTION 2. Within seven (7) days following the Commencement Date, Tenant shall deliver to Landlord a signed and completely filled in Tenant's Estoppel Certificate (in the form of Exhibit "D").

ARTICLE IV -- MINIMUM RENT

SECTION 1. The annual minimum rent payable during the term of this Lease shall be payable by Tenant in equal monthly installments, on or before the first day of each month, in advance, at the office of the Landlord or at such other place designated by Landlord, without prior demand therefore, and without any deduction or set-off whatsoever. If the Commencement Date shall occur upon a day other than the first day of a calendar month, Tenant shall pay, upon the Commencement Date, the minimum rent for the resulting partial lease year prorated on a per diem basis.

SECTION 2. Tenant waives and disclaims any present or future right to apply any obligation of Landlord to Tenant, however incurred or created, as a set-off against or counterclaim in any action for any payment or part payment of rent owing hereunder (including minimum rent, percentage rent and additional rents), and agrees that it will not claim or assert such right, set-off or counterclaim.

ARTICLE V -- PERCENTAGE RENT

SECTION 1. As used in this Lease, the term "fiscal year" means a 12 calendar month period beginning on February 1 and ending on the following January 31 and the term "partial fiscal year" shall mean a period beginning on the Commencement Date (if other than February 1) and ending on the following January 31 or a period beginning on February 1 and ending on the last day of the term of this Lease (if other than January 31). As used in this Lease the term "Fiscal Year" shall mean any fiscal year or partial fiscal year during the term of this Lease. In addition to the payment of the annual minimum rent, Tenant shall pay to Landlord in the manner, upon the conditions and at the times hereinafter set forth, during each Fiscal Year during the term hereof, a sum equivalent to the amount, if any, by which the percentage specified in Article I hereof of the gross sales, as hereinafter defined, from all business done in and from the Premises during such Fiscal Year exceeds the minimum rent (other than that for basement storage space, if any) for such Fiscal Year. Said percentage rent shall be payable as hereinafter provided, at the office of the Landlord or such other place as Landlord may designate, without any prior demand therefor, and without any set-off or deduction whatsoever.

Percentage rent shall be due and payable in full thirty (30) days after the end of each Fiscal Year during the term of this Lease with respect to gross sales during said Fiscal Year. The first payment of percentage rent shall be due and payable thirty (30) days after the end of the first Fiscal

Year for which percentage rent is due. After the first such Fiscal Year for which percentage rental is payable, Tenant shall pay to Landlord with the monthly minimum rental payment, as estimated percentage rent, one-twelfth (1/12th) of ninety percent (90%) of the percentage rent paid for the immediately prior Fiscal Year. If such immediately prior Fiscal Year was a partial fiscal year, the monthly estimated percentage rent payments shall be one-twelfth (1/12th) of ninety percent (90%) of the result obtained by dividing the percentage rent for such immediately preceding partial fiscal year by the number of days in such partial fiscal year and multiplying the resulting quotient by 365. If, at the end of any Fiscal Year, the total amount of estimated percentage rent paid by Tenant exceeds the total amount of percentage rent required to be paid by Tenant for the said Fiscal Year, Tenant shall receive a credit equivalent to such excess which shall be credited against the next payments due hereunder. Any excess estimated percentage rental paid during the last Fiscal Year of the lease term will be refunded to Tenant as soon as the amount of such excess is ascertained. If, at the end of any Fiscal Year, the total amount of estimated percentage rent paid by Tenant is less than the total amount of percentage rent required to be paid by Tenant for said Fiscal Year, the balance shall be due and payable in full thirty (30) days after the end of said Fiscal Year.

SECTION 2. The term "gross sales," as used herein, means the aggregate dollar amount of all sales of Tenant from business conducted at, upon or from the Premises, whether such sales be evidenced by check, credit, charge account, exchange or otherwise, without reserve or deduction for inability or failure to collect, and shall include, but not be limited to, the amounts received from the sale of goods, wares, merchandise, beverages and food (including gift and merchandise certificates) and for services performed on or at the Premises, together with the amount of all orders taken or received at the Premises, whether such orders be filled from the Premises or elsewhere, and whether such sales be made by means of mechanical or other vending devices in the Premises, and shall include all deposits not refunded to purchasers. If any one or more departments or other divisions of Tenant's business shall be sublet by Tenant or conducted by any person, firm or corporation other than Tenant, (without implying Landlord's consent thereto) then there shall be included in gross sales all the gross sales of such departments or divisions, in the same manner and with the same effect as if the business or sales of such departments and divisions of the Tenant's business had been conducted by Tenant itself. Gross sales shall also include proceeds of business interruption insurance or similar insurance payable with respect to covered losses from business done at or

from the Premises and proceeds of employee fidelity insurance payable with respect to covered losses from business done at or from the Premises to the extent such proceeds represent gross sales not previously reported by the Tenant. To the extent that any proceeds of business interruption insurance or similar insurance are paid to Tenant on other than a "gross sales" basis, as between Landlord and Tenant, the amount of recovery shall be recomputed to arrive as nearly as possible at the equivalent of gross sales. Gross sales shall be reduced by the amount of any cash refunds or allowances made on merchandise claimed to be defective or unsatisfactory, provided that the sales price of said merchandise shall have been included in gross sales when originally sold. Gross sales shall not include the amount of any sales, use or gross receipts tax imposed by any federal, state, municipal or governmental authority directly on sales and collected from customers, provided that the amount thereof is added to the selling price or absorbed therein and paid by Tenant to such governmental authority. No franchise or capital stock tax and no income or similar tax based upon income or profits as such shall be deducted from gross sales in any event whatever. Gross sales shall not include merchandise transferred out of the Premises and transported to another store of Tenant or an affiliate of Tenant where such exchange of merchandise is made solely for the convenient operation of the business of Tenant and not for the purpose of consummating a sale which has theretofore been made at, in, or from the Premises nor shall gross sales include merchandise returned by Tenant to

shippers or manufacturers. All sales shall be recorded on cash registers equipped with a transaction number control or recorded on sales checks which are numerically controlled. There shall be no adjustment to gross sales for cash shortages.

SECTION 3. Tenant shall keep in the Premises or some other location mutually agreed on by Landlord and Tenant a permanent accurate set of books and records of all sales of merchandise and all revenue derived from business conducted in the Premises during each day of the term hereof, and all supporting records, including excise tax reports and state sales tax, business and occupation tax and gross income tax reports and all original sales records, cash register ribbons and sales slips or sales checks and any other pertinent original sales records; and such pertinent records will be kept, retained and preserved for at least three (3) years after the expiration of each Fiscal Year or until the completion of any litigation in which they are relevant, whichever is later. All such records, including sales tax reports, state gross income tax reports, business and occupation tax reports and excise tax reports, shall be open to inspection of Landlord and its agents at all reasonable times during ordinary business hours.

SECTION 4. The acceptance by Landlord of payments of percentage rent shall be without prejudice to the Landlord's right to an examination of the Tenant's books and records of its gross sales and inventories of merchandise at the Premises in order to

verify the amount of annual gross sales received by the Tenant. Landlord may, at any reasonable time, cause a complete audit to be made of Tenant's entire business affairs and records relating to the Premises for the period covered by any statement issued by the Tenant as hereinafter set forth. Such audit shall be conducted at the location where the books and records relative thereto are kept as above provided. If such audit shall disclose a liability for percentage rent to the extent of two percent (2%) or more in excess of the percentage rentals theretofore computed and paid by Tenant for such period, Tenant shall promptly pay to Landlord the cost of said audit in addition to the deficiency, which deficiency shall be payable in any event, and in addition, Landlord may, at its option, terminate this Lease upon five (5) days notice to Tenant. Any information obtained by the Landlord as a result of such audit shall be held in strict confidence by Landlord except in any litigation or arbitration proceedings between the parties and except further, that Landlord may disclose such information to its mortgagees and to prospective buyers and lenders.

ARTICLE VI - SALES REPORTS

On or before the fifteenth (15th) day of each calendar month to and including the calendar month following the termination of the term of this Lease, Tenant shall prepare and deliver to Landlord at the place where rent is payable a monthly statement of gross sales during the preceding calendar month verified by the affidavit of Tenant. On or before the thirtieth (30th) day after the end of each Fiscal Year, Tenant shall prepare and deliver to Landlord at the place where rent is payable a yearly statement of gross sales prepared and certified by a certified public accountant as being full, true, and correct and as having been prepared in accordance with generally accepted accounting principles consistently applied, such statement to be delivered whether or not percentage rent is payable.

ARTICLE VII -- ADDITIONAL RENT

SECTION 1. In addition to the minimum rent and percentage rent, all other payments required of Tenant pursuant to the provisions of this Lease shall be deemed, for the purpose of securing the collection thereof, to be additional rent due hereunder whether or not the same be designated as such, including, but not limited to, payments for Utilities (XIII), Common Areas (X), Taxes (XIV), Insurance (XVII) and Advertising and Promotion (XV). Landlord

shall have the same rights and remedies upon Tenant's failure to pay the same as for non-payment of the minimum rent, and shall have such rights upon Tenant's failure to pay percentage rent or estimate thereof as well. All such payments of additional rent shall, unless otherwise provided, be paid in monthly installments with the minimum rent payments (and estimated percentage rent, if any). The monthly payments shall be based, in each case, on Landlord's reasonable estimate of such costs made at

the beginning of each Fiscal Year; the payments for any partial month shall be pro-rated. If, at the end of any Fiscal Year, the amount paid by Tenant is less than its share, the balance, as shown on Landlord's statement, shall be paid on or before the first day of the following month, and if the amount paid by Tenant is greater than its share, the excess, as shown on said statement, shall be credited against the next payments (whether of rent or otherwise) due hereunder. All provisions dealing with abatement of rent are to be construed to refer to abatement of minimum rent only, and not abatement of any other payment required hereunder.

SECTION 2. If Tenant shall fail to pay any rent within five (5) days after the due date, Tenant shall be obligated to pay a late payment charge equal to the greater of Fifty and no/l00 Dollars ($50.00) or five percent (5%) of any rent payment not paid when due to reimburse Landlord for its additional administrative costs. In addition, all rent and other payments required of Tenant under the provisions of this Lease shall bear interest commencing five (5) days after the due date of each payment and continuing until the date actually paid by Tenant, at a rate equal to three (3) percentage points over the prime rate published by Norwest Bank Minnesota, N.A., at the time the payment was due or the maximum rate permissible by law, whichever is less.

ARTICLE VIII
CONSTRUCTION AND PREPARATION OF LEASED PREMISES

SECTION 1. Tenant agrees, that any remodeling of the interior and exterior of the Premises shall be at Tenant's sole cost and expense and be in accordance with plans and specifications approved by Landlord. Plans and specifications for improvements shall be submitted for approval promptly after execution of the Lease, and shall meet the requirements for "Tenants Work" set forth in "Exhibit C." Tenant shall complete said work, complete installation of fixtures and equip the Premises for Tenant's occupancy prior to the Commencement Date. Unless otherwise specifically provided herein, Tenant is taking the Premises "AS IS" and Landlord is under no obligation to make any structural or other alterations, decoration, additions or improvements in or to the Premises. By entering the Premises and commencing work, Tenant shall be deemed to have inspected the Premises and to have accepted same.

SECTION 2. Tenant agrees that all workers of Tenant or any of Tenant's contractors or subcontractors entering upon the Premises for performance of Tenant's Work or for any subsequent repairs or alterations will be union workers.

ARTICLE IX - USE OF PREMISES

SECTION 1. The Premises may be used and occupied by Tenant under Tenant's trade name solely for the retail sale of merchandise

falling within the classifications specified in Article I hereof. Tenant shall not use or permit the Premises to be used for any other purpose or purposes or under any other trade name without the prior written consent of Landlord. Tenant shall not sell, offer to sell, or display any item or items of merchandise not within such classifications. Tenant shall at all times operate

in and promote the Premises as a first quality retail establishment in accordance with the standards of the shopping center as established by Landlord. In no event shall Tenant in any manner operate in or promote the Premises as a "discount," "off-price," "below market" or similar retailer. The foregoing provision shall not prohibit Tenant from conducting periodic promotional, seasonal or clearance sales of limited duration in the Premises. Tenant agrees to utilize the entire Premises, fully stocked and adequately staffed, during the entire term of this Lease and any renewal thereof, and to conduct its business at all times in good faith, in a high grade and reputable manner, and in such manner as will produce the maximum amount of rent from the Premises. Tenant shall promptly comply with all laws, ordinances, governmental orders and regulations, and insurance company requirements affecting the Premises and the cleanliness, safety, use and occupation thereof. Tenant shall stock in the Premises only such merchandise as Tenant intends to offer for sale at retail in the Premises. Tenant acknowledges that it is Landlord's intent that the shopping center be operated in a manner which is consistent with the highest standards of decency and morals prevailing in the community which it serves. Toward that end, Tenant agrees that it will not sell, distribute, display or offer for sale any item which, or conduct its business in any manner which, in Landlord's good faith judgment is inconsistent with the quality of operation of the shopping center or may tend to injure or detract from the moral character or image of the shopping center within such community. Without limiting the general prohibition against other uses, it is expressly agreed that Tenant will not use the Premises for the sale of liquor, prescription drugs, groceries or food items (except as hereinbefore specifically permitted), pornographic materials, drug-related paraphernalia or any illegal activity.

SECTION 2. No provision of this Lease is intended to grant an exclusive right to conduct a particular business, sell any particular merchandise or offer any particular service within the shopping center.

SECTION 3. The Premises shall be used only for business and commercial purposes, and no industrial, manufacturing, packaging, or processing activities shall be conducted therein. Tenant shall not use the Premises for any purpose which increases the rate of premium on or invalidates any policy of insurance covering the shopping center, the operation thereof or any appurtenances thereto; nor conduct any auction, fire sale, closing-out or bankruptcy sales in or about the Premises; nor obstruct the sidewalks or common areas or use the same for business or display

purposes; nor abuse any part of the shopping center; nor use plumbing for any purpose other than that for which constructed; nor make or permit any noise or odor objectionable to the public, to other occupants of the building or the Landlord to emit from the Premises; nor create or permit a nuisance thereon; nor do any act tending to injure the reputation of the shopping center; nor place nor permit any radio or television antenna, loudspeaker or sound amplifier, or any phonograph or other devices similar to any of the foregoing on the roof or outside of the building or at any place where the same may be seen or heard outside of the Premises; nor use or permit to be used entrances other than those specified by Landlord for delivery or pick-up of merchandise or supplies to or from the Premises, or permit trucks or other delivery vehicles while being used for any such purpose to be parked at any place except at such facilities as are specifically provided for such purpose; nor use or permit the use of any portion of the Premises as sleeping quarters; nor install or operate in the Premises any mechanical, self-operating or automatic vending machines without Landlord's prior written approval; nor keep or permit the keeping of any animal in or about the Premises; nor distribute or display handbills, posters or other advertising of political or religious nature on or about the Premises or the sidewalks, streets, passageways or public areas within or surrounding the shopping center.

SECTION 4. Tenant shall keep the Premises clean, safe, and free from rubbish and dirt at all times. Tenant shall store all trash and garbage and

make the same available for regular pick-up and cartage in accordance with such rules regarding trash and garbage as Landlord may from time to time establish.

ARTICLE X
OPERATION AND MAINTENANCE OF PARKING RAMP AND OTHER COMMON AREAS

SECTION 1. As used in this Lease, the term "common areas" shall mean all of the shopping center improvements except that area which is leased or held for lease to tenants, and shall include but shall not be limited to, access roads, walkways, driveways, sidewalks, parking areas, loading docks and areas, package pick-up stations, courts, ramps, elevators, escalators, landscaped and planting areas, stairways, roof, water, sewer and other utility pipes and conduits serving the shopping center, comfort stations and all other areas and improvements which may be provided from time to time by Landlord for the general use in common of the tenants or customers.

SECTION 2. Landlord shall have the right to restrict employees generally from parking areas in the parking ramp designated exclusively for customers or others, to enforce parking charges, and to discourage non-customer parking. Upon reasonable request by Landlord, Tenant shall furnish a complete list of the names of the Tenant's employees at the Premises who have

automobiles and of the state license numbers of their automobiles, respectively, and the state license number of all motor vehicles operated by Tenant. Revenues derived from the parking ramp shall be applied to offset the expenses of management, operation and maintenance thereof. If said revenues exceed said expenses, the net revenue shall belong to Landlord.

SECTION 3. Landlord shall manage, operate and maintain the parking ramp and all other common areas and facilities within the shopping center. The manner in which such common areas and facilities shall be managed, operated and maintained and the expenditures therefor shall be at the sole discretion of Landlord. Landlord shall have the right to use the common areas for displays, promotions, programs, games, and other uses which may be of interest to all or part of the general public. Any fees or charges derived from such uses of the common areas (other than parking) shall be added to the promotional Fund to defray the cost of the event from which such fees were derived or other events or promotions.

All common areas and facilities not within the Premises which Tenant may be permitted to use and occupy, are to be used and occupied under a revocable license, and if the amount of such areas be diminished, Landlord shall not be subject to any liability nor shall Tenant be entitled to any compensation or diminution or abatement of rent, nor shall such diminution of such areas be deemed constructive or actual eviction.

SECTION 4. Tenant agrees to pay, as additional rent, a sum equal to Tenant's proportionate share of all costs and expenses of every kind and nature, whether foreseen or unforeseen, paid or incurred by Landlord in managing, operating and maintaining the shopping center and Tenant's proportionate share of all costs and expenses paid or incurred by Landlord for the joint benefit of all tenants, including, but not limited to personal property or use taxes; fees for permits or licenses; landscaping, gardening and planting; cleaning; painting (including line painting); decorating; paving; lighting; sanitary control; policing, security guards and patrols; music and intercom systems; maintenance, installing and renting of signs; the net expense, if any, of managing, operating, and maintaining the parking ramp; removal of snow, trash, garbage and other refuse; heating, ventilating and air conditioning the common areas; costs and expenses in connection with meeting federal, state or local environmental or energy standards; fire protection; water and sewage and other utility charges; the cost of all types of insurance carried by Landlord covering the shopping center, including, without limitation, public liability including liability for false arrest, property damage, automobile coverage, fire and extended coverage, vandalism and

malicious mischief and all broad form coverage, insurance for costs of repair and replacement of walls, roofs and other structural components, fidelity bonds on employees, worker's compensation, rent loss,

plate glass, signs and any other insurance; all costs borne by Landlord which, though of a nature insured against under insurance policies maintained by Landlord, are not covered by said policies due to "deductible" provisions therein; all costs and expenses of maintaining, repairing and replacing paving, curbs, sidewalks, walkways, roadways, parking surfaces, landscaping, drainage, lighting and all utility systems other than those exclusively serving a single leased Premises (including utility lines, pipes, and conduits serving the center generally), maintenance and depreciation of all heating, ventilating and air conditioning equipment serving the common areas and the cost of maintaining and repairing the same; depreciation of and/or rental charges for machinery and equipment used in maintaining and operating the common areas; all salaries and compensation of on site personnel connected with such operation, maintenance and management; to the total of which costs and expenses shall be added an amount equal to fifteen percent (15%) thereof in payment of all administrative costs of Landlord in relation thereto. Landlord may cause any or all of said services to be provided by an independent contractor or contractors, the cost of which shall likewise be treated as a common expense.

Tenant's proportionate share of such costs shall be a fraction, the numerator of which is the gross leasable area of the Premises as specified in Article I or as redetermined pursuant to Article II and the denominator of which is the gross leasable area of the shopping center.

ARTICLE XI -- REPAIRS

SECTION 1. Landlord shall maintain the foundations, exterior walls (except plate glass or other breakable material used in structural portions) and roof of the shopping center in good repair, ordinary wear and tear excepted. Except for costs of routine maintenance and repair, any costs of such maintenance and repairs which is not covered by insurance shall be borne by Landlord. If the need for any such repair is directly or indirectly attributable to or results from the business activity being conducted within the Premises or becomes necessary by reason of the negligence of Tenant, its agents, servants, employees, or anyone else for whose acts Tenant is responsible or by reason of anyone illegally entering in or upon the Premises, and if such repair is caused by a risk which cannot be covered by standard fire and extended coverage insurance and is not covered by other insurance, Tenant agrees to reimburse Landlord for all costs and expenses incurred by Landlord with respect to any such repair. Landlord shall commence repairs it is required to perform as soon as, reasonably practicable after receiving written notice from Tenant of the necessity for such repairs. Landlord shall not be obligated to make repairs, replacements or improvements of any kind to the Premises, or any equipment, facilities or fixtures contained

therein or appurtenant thereto, even if such equipment, facilities, or fixtures are located outside the Premises.

SECTION 2. Tenant, at its own expense, shall maintain the Premises at all times in good order, condition and repair of equal quality with the original work, ordinary wear and tear excepted, and in a clean, sanitary and safe condition in accordance with all applicable laws, ordinances and regulations; including, without limitation, all plumbing, sewage, ventilating and electrical systems exclusively serving the Premises, doors, windows, floors and floor coverings, interior walls and all interior painting and decorating, and all equipment, facilities, fixtures and appurtenances. Tenant shall permit no waste, damage, or injury to the Premises. If Tenant refuses or neglects to

commence necessary repairs within a reasonable period (no longer than five (5) consecutive days) after written request, or does not adequately complete such repairs within a reasonable time thereafter, Landlord may make the repairs without liability to Tenant for any loss or damage that may occur to Tenant's stock or business by reason thereof, and if Landlord makes such repairs, Tenant shall pay to Landlord, on demand, the costs thereof.

SECTION 3. Tenant shall replace forthwith, at its own cost and expense, any cracked or broken glass with glass of the same quality, including plate glass or glass or other breakable materials used in structural portions, and in any interior and exterior windows and doors in the Premises.

ARTICLE XII - INSTALLATIONS, ALTERATIONS AND SIGNS

SECTION 1. Tenant shall not erect or install any exterior or interior window, door, floor, or hanging signs, advertising media or window or door lettering or placards or other signs without Landlord's written consent.

SECTION 2. Tenant shall not make any repairs, alterations or additions to the interior or exterior of Premises or make any contract therefor without first procuring Landlord's written consent and delivering to Landlord the plans and specifications and copies of the proposed contracts and necessary permits, and shall furnish such indemnification against liens, costs, damages and expenses and such insurance and other assurances as may be required by Landlord. All permanent alterations, additions, improvements and fixtures, other than trade fixtures, which may be made or installed by either of the parties hereto upon the Premises shall, at the termination of this Lease become the property of Landlord and shall remain upon and be surrendered with the Premises as a part thereof, without damage or injury and without compensation or credit to Tenant, unless Landlord, at its option, requires the removal of any such alterations, additions, improvements or fixtures as provided in Article XXVI, Section 3 hereof. All non-permanent alterations, additions, improvements and fixtures which may be made or installed

by Tenant upon the Premises shall remain at all times the property of the Tenant and shall be removed by Tenant upon termination of this Lease. At the time Tenant applies for Landlord's written consent to any alterations, additions, improvements and fixtures, Landlord shall determine, in its reasonable discretion, which are to be deemed permanent and which are non-permanent for purposes hereof.

SECTION 3. Tenant covenants not to suffer any mechanic's lien to be filed against the Premises or the shopping center by reason of any work, labor, services or materials performed at or furnished to the Premises, to Tenant, or to anyone holding the Premises through or under Tenant. If such mechanic's lien shall at any time be filed, Tenant shall forthwith cause the same to be discharged of record by payment, bond, order of a court of competent jurisdiction or otherwise, but Tenant shall have the right to contest any and all such liens. If Tenant shall fail to cause such lien to be discharged within thirty (30) days after being notified of the filing thereof and before judgment or sale thereunder, then, in addition to any other right or remedy Landlord may, but shall not be obligated to, discharge the same by paying the amount claimed to be due or by bonding or other proceeding deemed appropriate by Landlord, and the amount so paid by Landlord and/or all costs and expenses incurred by the Landlord in procuring the discharge of such lien, including reasonable attorney's fees, shall be deemed to be additional rent for the Premises and shall be due and payable by Tenant to Landlord on demand. Nothing contained in this Lease shall be construed as a consent on the part of Landlord to subject Landlord's estate in the Premises or any portion of the shopping center to any lien or liability under the lien laws of the State of Minnesota.

ARTICLE XIII - UTILITIES

SECTION 1. Tenant shall pay for all heating, air conditioning,

electricity, gas, water and sewer charges, waste removal and other services used in the Premises. Tenant shall pay for all such services from the time it has access to the Premises pursuant to the terms of Exhibit C hereof. In the event that heating, air conditioning or other services such as, but not necessarily limited to, electricity, water, or trash and/or garbage compaction and/or removal are provided to the Premises from a system also serving other Premises in the shopping center, Tenant shall pay its share of operating, maintaining and depreciation of such system as billed monthly by Landlord. Tenant's share of such costs shall be the sum bearing the same relationship to said costs as the gross leasable area of the Premises bears to the gross leasable area of all of the Premises served by the system, or at Landlord's sole option, Tenant's monthly share for any or all such services may be determined by a study and opinion expressed by a professional engineer or other consultant selected by Landlord. Such study shall determine the amount to be billed to each tenant based upon

usage estimates for each tenant and any other factors deemed relevant to equitably apportioning the usage of the services and shall be billed at the rates established by the supplier of such services for Tenant's usage. Such computation may be changed from time to time during the term of the Lease as Tenant's or other tenants' loads may change.

SECTION 2. Tenant shall keep any air conditioning and heating systems under its control operating during business hours at levels sufficient to satisfy the requirements of the Premises.

SECTION 3. Landlord shall not be liable in damages or otherwise if the furnishing by Landlord or by any other supplier of any utility or other service to the Premises shall be interrupted or impaired by fire, accident, riot, strike, act of God, the making of repairs or improvements or by any causes beyond Landlord's control, nor shall it constitute a constructive or actual eviction nor cause abatement of minimum, percentage or additional rents.

ARTICLE XIV - TAXES

SECTION 1. During each calendar year during any part of which the term of this Lease is in effect, Tenant shall pay to Landlord Tenant's share of all taxes coming due and payable with respect to the land, buildings and improvements comprising the shopping center. In addition, Tenant shall pay to Landlord Tenant's share of annual installments of special assessments coming due and payable with respect to the land, buildings and improvements comprising the shopping center during each calendar year during any part of which the term of this Lease is in effect. Tenant's share of such taxes and annual installments of special assessments (including interest) shall be a fraction, the numerator of which shall be the gross leasable area of the Premises as specified in Article I or as redetermined pursuant to Article II and the denominator of which shall be the gross leasable area of the shopping center, excluding any portions separately taxed or assessed and for which such taxes and special assessments (including interest) are directly allocated to the tenants thereof. For the calendar years in which this Lease commences or terminates, Tenant's liability for the amounts payable pursuant to this paragraph shall be subject to a pro rata adjustment based upon the number of days of said calendar year during which the term of this Lease is in effect.

Tenant shall pay the amounts payable pursuant to the preceding paragraph in equal monthly installments due on the first (1st) day of each month during each calendar year during the term of this Lease. Until the exact amount payable during any calendar year is known, the monthly installments shall be based on Landlord's estimate. As soon as is reasonably practicable after the commencement of each calendar year during the term of the Lease, Landlord will furnish to Tenant a statement showing the computation

of the exact amount payable during said year. The monthly installments due thereafter shall be in such amount as is required so that the amount payable will be fully paid in equal installments over the remaining portion of said calendar year. Landlord's and Tenant's obligations under this Article shall survive the expiration of this Lease.

In the event Landlord is required under any mortgage covering the shopping center to escrow taxes and annual installments of special assessments, Landlord may, but shall not be obligated to, use the amount required to be so escrowed as a basis for determining the amount of the monthly installments due from Tenant hereunder.

SECTION 2. Tenant shall also reimburse Landlord for rental taxes, if any, paid by Landlord on rentals from the Premises.

SECTION 3. Tenant shall pay all personal property and other taxes on its property in the Premises.

SECTION 4. All costs and expenses incurred by Landlord, including attorney's fees, in contesting the amount of any taxes or special assessments shall be a common area expense for the purpose of Article X, Section 4 hereof.

ARTICLE XV - ADVERTISING AND PROMOTION

SECTION 1. Landlord shall establish a Promotional Fund for the shopping center. The uses of the Promotional Fund shall include, but will not necessarily be limited to, special and seasonal events, shows, displays, signs, decor packages, community relations efforts, advertising, promotional literature, research, tenant education and motivation and other activities designed to attract customers to the shopping center and the hiring of a promotional director if deemed appropriate or necessary by Landlord. Landlord shall have the exclusive management, direction and control of all advertising, promotion and public relations for the shopping center, including without limitation, expenditures from the Promotional Fund. Landlord shall provide to all tenants, at least once a year, a statement of the Promotional Fund expenditures. Tenant may, at Tenant's cost, examine Landlord's books and records relating to the Promotional Fund. Such examination shall be made during normal business hours upon reasonable prior written notice to Landlord. Landlord shall not be obligated to incur any expenses for the promotion of the shopping center unless and until funds for the payment thereof are available in the Promotional Fund.

As Tenant's contribution toward the advertising, promotion, public relations and administrative expenses relating to the promotion of the shopping center, Tenant shall pay to Landlord an amount equal to the lesser of $1.50 per square foot of gross leasable area of the Premises, adjusted as provided below, or one

percent (1%) of Tenant's "sales Breakpoint" as set forth in Item 9 of the Data Sheet for each lease year or partial lease year of the lease term, which sum will be payable in equal monthly installments in advance on the first day of each calendar month of the lease term. Should one percent (1%) of Tenant's gross sales, as required to be reported following the end of each lease year or partial lease year pursuant to Article VI, above, be more than the total contribution to the Promotional Fund required by the above provisions of this section for such lease year or partial lease year, then Tenant will pay to Landlord, as additional rent an additional contribution sufficient to make Tenant's total contributions to the Promotional Fund pursuant to this section 1 during such lease year or partial lease year equal to one percent (1%) of Tenant's gross sales during such lease year or partial lease year, which payment will accompany the statement of gross sales referred to above. In no event, however, shall Tenant's contribution for any lease year exceed $1.50 per

square foot of gross leasable area of the Premises, adjusted as provided herein. For each lease year commencing after December 31, 1989, Tenant's contribution per square foot of gross leasable area of the Premises shall not exceed the amount derived by multiplying $1.50 by a fraction, the numerator of which is the "price index" (as defined in Article XXXIV, Section 15) for January of the calendar year during which such lease year begins, and the denominator of which is the price index for January, 1989. The failure of any other tenant to contribute to the Promotional Fund will not affect Tenant's obligations hereunder.

SECTION 2. In addition to the foregoing, Tenant shall spend the amount set forth in Item 10 of the Data Sheet on advertising and promotion of the opening of its business in the Premises within sixty (60) days of the Commencement Date. The media and method of such advertising and promotion shall be as determined by Tenant, but must in any event be in conformity with the standards in the Tenant Advertising Criteria rules established by Landlord pursuant to Article XXXII. Tenant shall provide Landlord with an accounting of Tenant's expenditures pursuant to this section 2, prepared in accordance with generally accepted accounting principles, within ninety (90) days of the Commencement Date. If such accounting shall indicate that Tenant has expended less than the amount required to be expended by this section 2, then Tenant shall pay Landlord for deposit into the Promotional Fund, on demand, the amount of the deficiency. In lieu of the foregoing, Tenant may elect, by notice to Landlord given not later than the Commencement Date, to pay to Landlord the sum set forth in Item 10 of the Data Sheet, to be used in a manner determined in the sole discretion of Landlord, to advertise and promote the opening of Tenant's business in the shopping center. Said sum shall be paid to Landlord not later than the Commencement Date.

SECTION 3. In addition, Tenant agrees that during each lease year or partial lease year it will spend on advertising and

promotion of its business in the Premises an amount at least equal to one percent (1%) of its gross sales during said lease year or partial lease year. The media and method of such advertising and promotion shall be of Tenant's own choosing but in any event must be in conformity with the standards in the Tenant advertising Criteria rules established by Landlord pursuant to Article XXXII. Tenant shall provide Landlord an accounting of such expenditures prepared in accordance with generally accepted accounting principles and such shall be made part of Tenant's annual report of gross sales furnished pursuant to Article VI. If such accounting shall indicate that Tenant has expended less than the amount required to be expended by this Section 3, then Tenant shall pay to Landlord at the time the annual statement of gross sales is required to be delivered, for deposit into the Promotional Fund, the amount of the deficiency. Notwithstanding the foregoing, Tenant's expenditures for advertising and promotion pursuant to this section 3 in the third and succeeding lease years shall not be less than the amount required to be expended by Tenant in the second lease year.

Amounts payable by Tenant pursuant to sections 1 and 2 of this Article XV shall not be deemed to be amounts expended for advertising within the meaning of this Section 3, but all expenditures made by Tenant for advertising in connection with Tenant's other stores, if any, within a fifteen (15) mile radius from the nearest perimeter boundary of the shopping center (provided such advertising in each instance included the name of the shopping center and its logo and encompassed or was distributed in the trade area of the shopping center) may be applied to Tenant's obligation for that lease year or partial lease year pursuant to this Section 3.

SECTION 4. In lieu and instead of the Promotional Fund, Landlord shall have the right and option to form a Merchants Association; and in such case, Tenant shall become a member of the Merchants Association (as soon as the same has been formed) and Tenant agrees to remain a member in good standing of said Association and Landlord agrees to promptly pay to said Association

Tenant's promotional contribution as and when actually paid to Landlord by Tenant.

SECTION 5. The shopping center name is subject to change by Landlord. Tenant agrees to refer to the shopping center by name in designating the location of the Premises in all newspaper or other advertising, stationery, other printed material and all other references to the location of the Premises, and to include the address and identity of its business activity in the Premises in all advertisements made by Tenant in which the address and identity of any other local business activity of like character conducted by Tenant shall be mentioned.

SECTION 6. Except as provided in section 5 above, Tenant shall not use as part of its name or style, or publish, advertise or use in any solicitation or otherwise the name "Calhoun Square" or the words "Calhoun Square" or any logo thereof without the prior written approval by Landlord of the time, place and manner of such publication or use. Tenant further agrees that after the date of termination of this lease, it will not, nor will any person, firm or corporation which controls or is controlled by Tenant, operate under or use in any manner any name which includes the name "Calhoun Square" or any logo thereof. The prohibitions in this section shall apply as well to any future name for the shopping center which may be selected by Landlord.

ARTICLE XVI - INDEMNITY

SECTION 1. Tenant agrees to defend, pay, indemnify and save harmless Landlord (and/or any fee owner or ground or underlying lessor of the shopping center or any part thereof) from and against any and all claims, demands, suits, actions, proceedings, orders, decrees, judgments and damages of every kind and nature, and from and against all costs and expenses, including reasonable attorney's fees, arising out of or on account of any occurrence in, upon, at or from the Premises, or occasioned wholly or in part through the use and occupancy of the Premises or any improvements therein or appurtenances thereto, or from the conduct of or management of the business conducted by Tenant in the Premises, or from any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of Tenant to be performed pursuant to the terms of this Lease, or from any act or omission or negligence of Tenant, its agents, contractors, employees, sublessees, concessionaires or licensees, or others for whose acts Tenant is responsible in or about the Premises, or its appurtenances or any common areas of the shopping center. In case of any action or proceeding brought against Landlord by reason of any such claim, upon notice from Landlord, Tenant covenants to defend such action or proceeding by counsel satisfactory to Landlord.

SECTION 2. Tenant and all those claiming by, through or under Tenant shall keep their property in and shall occupy and use the Premises and any improvements therein and appurtenances thereto and all portions of the shopping center solely at their own risk; Tenant and all those claiming through Tenant hereby release Landlord, to the full extent permitted by law, from all claims of every kind, including loss of life, personal or bodily injury, damage to merchandise, equipment, fixtures or other property or damage to business or for business interruption, arising, directly or indirectly, out of or on account of such occupancy and use or resulting from any present or future condition or the state of repair thereof. Landlord shall not be responsible or liable for damages at any time to Tenant, or to those claiming through Tenant, for any loss of life, bodily or personal injury, damage to property or business, or for business interruption that may be occasioned by

the acts, omissions or negligence of any other persons, or any other tenants or

occupants of the shopping center. Landlord shall not be responsible or liable for damages at any time for any defects, latent or otherwise, in any buildings or improvements in the shopping center or any of the equipment, machinery, utilities, appliances or apparatus therein, nor shall Landlord be responsible or liable for damages at any time for loss of life, personal or bodily injury or damage to any property or business of Tenant or those claiming through Tenant, caused by or resulting from the bursting, breaking, leaking, running, seeping, overflowing or backing up of water, steam, gas, sewage, snow or ice in any part of the Premises, or caused by or resulting from acts of God or the elements, or resulting from any defect or negligence in the occupancy, construction, operation or use of any buildings or improvements in the shopping center, including the Leased Premises or any of the equipment, fixtures, machinery, appliances or apparatus therein. Tenant expressly acknowledges that all of the foregoing provisions of this Article shall apply and become effective from and after the date Landlord shall deliver possession of the Premises to Tenant for installation of Tenant's improvements or otherwise.

ARTICLE XVII - INSURANCE

SECTION 1. Landlord shall procure such fire insurance and extended coverage, sprinkler leakage insurance, rent loss insurance, structural repair and maintenance insurance and other insurance Landlord may deem advisable or as required by Landlord's mortgagee on all improvements constructed by Landlord provided, however, that Tenant shall reimburse Landlord for Tenant's share of the premiums for all such insurance. Tenant's share of such costs shall be based on the ratio the gross leasable area of the Premises bears to the gross leasable area in the shopping center (or such lesser amount of the gross leasable area in the shopping center as may be covered by such insurance). Landlord may, at its option, bill the portion of the insurance cost attributable to the common areas together with other common area expenses, pursuant to Article X hereof. In the event of damage to or destruction of the shopping center or any part thereof due to risks which can be insured by standard fire and extended coverage insurance or are covered by other insurance maintained by Landlord, all claims of Landlord against Tenant, its agents, employees or servants for any such damage or destruction, whether or not caused by the negligence of anyone, are hereby waived by Landlord.

SECTION 2. Tenant agrees to secure and keep in force from and after the date Landlord shall deliver possession of the Premises to Tenant and throughout the Lease Term, at Tenant's own cost and expense:

a. Comprehensive or Commercial General Public Liability Insurance on an occurrence personal

injury and property damage basis with a minimum limit of liability in an amount of Two Million Dollars ($2,000,000), or such greater amount as may be required by Landlord from time to time, including water damage and sprinkler leakage legal liability; which insurance shall contain a contractual liability endorsement covering the matters set forth in Article XVI hereof;

b. "All Risk" fire and extended coverage insurance in an amount adequate to cover the full replacement value of all of Tenant's leasehold improvements and of any work done by Landlord at Tenant's expense and of all fixtures and contents in the Premises in the event of a fire or other casualty;

c. Broad Form Boiler and Machinery Insurance on all air conditioning equipment, boilers and other pressure vessels or systems, whether fired or unfired, installed by or for the use of Tenant in, adjoining, above or beneath the Premises; and if said objects and the damage

that may be caused by or result from them are not covered by Tenant's all risk insurance mentioned in subdivision b of this Section, such Boiler and Machinery Insurance shall be in amounts specified by Landlord from time to time.

d. Plate Glass Insurance covering all plate glass in the Premises;

e. Such additional insurance during construction as is required by Exhibit "C" of this Lease.

The insurance coverages set forth in this Section shall apply only to Tenant's operations in the shopping center and separate additional coverage shall be procured for Tenant's other locations, if any.

SECTION 3. All policies of insurance procured by Tenant shall:

a. Be issued by insurance companies reasonably acceptable to Landlord;

b. Be written as primary policies not contributing with and not in excess of coverage that Landlord may carry;

c. All Comprehensive General Liability Insurance procured by Tenant under this section shall be issued for the benefit of Landlord and Tenant and,

at Landlord's request, its mortgagee(s) and ground lessor(s), as their respective interests may appear;

d. Contain endorsements providing as follows: (i) that such insurance may not be materially changed, amended, canceled or allowed to lapse with respect to Landlord except after twenty (20) days' prior written notice from the insurance company to Landlord, sent by registered mail, and (ii) that Tenant be solely responsible for the payment of all premiums under such policy and that Landlord shall have no obligation for the payment thereof notwithstanding that Landlord is or may be named as an insured.

The original policy or policies, or duly executed certificates for the same, together with reasonably satisfactory evidence of payment of the premium thereof shall be delivered to Landlord on or before the day Tenant begins Tenant's Work under Exhibit "C" and upon renewals of such policies not less than twenty (20) days prior to the expiration of the term of any such coverage. The minimum limits of any insurance coverage required herein to be carried by Tenant shall not limit Tenant's liability under Article XVI hereof.

SECTION 4. All policies procured by either Landlord or Tenant pursuant to this Article shall contain an endorsement containing an express waiver of any right of subrogation by the insurance company against Landlord or Tenant, whichever the case may be (whether named as an insured or not). This section shall not be construed as a waiver by either Landlord or Tenant of any rights either may have in the event of a loss exceeding applicable insurance coverage, said rights being specifically reserved except as they may be modified by other provisions of this Article or any other Article of this Lease.

SECTION 5. Tenant shall not carry a stock of goods or do anything in or about the Premises which will in any way tend to increase insurance rates on the Premises or the building in which the same are located without Landlord's prior written consent. If Landlord shall consent to such use, Tenant agrees to pay as additional rental any increase in insurance premiums resulting from the business carried on in the Premises by Tenant. Tenant shall, at its own expense, comply with the requirements of insurance underwriters and insurance rating bureaus and governmental authorities having jurisdiction.

ARTICLE XVIII - ACCESS TO PREMISES

Landlord shall have the right to enter the Premises at all reasonable hours for the purpose of inspecting the same or making repairs, additions or alterations thereto or to the building in

which the same are located, or for the purpose of exhibiting the same to prospective tenants, purchasers or others. Landlord shall not be liable to Tenant in any manner for any expense, loss or damage by reason thereof, nor shall the exercise of such right be deemed an eviction or disturbance of Tenant's use or possession. If Tenant or Tenant's employees shall not be personally present to permit an entry into the Premises when an emergency or casualty occurs, Landlord may enter the same by the use of force or otherwise without rendering Landlord liable therefor and without in any manner affecting Tenant's obligations under this Lease. Tenant shall be solely responsible for the control of access to, and the security of, the Premises and all property located within the Premises.

ARTICLE XIX - DAMAGE BY FIRE OR OTHER CASUALTY

SECTION 1. In case the building in which the Premises are situated shall be partially or totally destroyed by fire or other casualty which can be covered by standard fire and extended coverage insurance or which is covered by other insurance so as to become partially or totally untenantable, the same shall be repaired as speedily as possible at the expense of Landlord to the extent of the insurance proceeds, unless Landlord shall elect not to rebuild as hereinafter provided, and a just and proportionate part of Tenant's rent shall be abated until the Premises are so repaired based upon the time and the extent the Premises are untenantable.

SECTION 2. In case the building in which the Premises are situated, including common areas, shall be destroyed or so damaged by fire or other casualty as to render more than fifty percent (50%) thereof untenantable, or in case of any destruction or damage not covered by Landlord's insurance, Landlord may, if it so elects, rebuild or restore said building to good condition within a reasonable time after such destruction or damage or may, at its election, by notice in writing within ninety (90) days after such destruction or damage, terminate this Lease. If Landlord elects to rebuild or restore said building, it shall within said ninety (90) day period, give Tenant notice of its intention to do so and proceed with the rebuilding and restoration as promptly as may be reasonable and a just and proportionate part of Tenant's rent shall be abated until the Premises are repaired, based upon the time and the extent the Premises are untenantable. In the event that the Premises are totally destroyed and minimum rent is totally abated for a period of time, the term of this Lease shall be extended for a period equal to the period of such abatement.

SECTION 3. In no event in the case of any such destruction shall Landlord be required to repair or replace Tenant's stock in trade, leasehold improvements, fixtures, furniture, furnishings or floor coverings and equipment. Tenant covenants to make such repairs and replacements.

ARTICLE XX - EMINENT DOMAIN

SECTION 1. If the whole of the Premises shall be taken by any public authority under the power or threat of eminent domain, then the term of this Lease shall cease as of the day possession shall be taken by such public authority, and the rent shall be paid up to that date with a proportionate refund by Landlord of such rent as shall have been paid in advance.

SECTION 2. In the event more than ten percent (10%) in area of the land underlying the shopping center shall be so taken, the Landlord shall have the right to terminate this Lease by giving Tenant written notice of termination within thirty (30) days after the taking of possession by such public authority.

SECTION 3. If less than all but more than twenty-five percent (25%) of the Premises shall be so taken, Tenant shall have the right either to terminate this Lease, or subject to Landlord's right of termination as set forth in Section 2 of this Article, to continue in possession of the remainder of the Premises upon notice in writing to Landlord of Tenant's intention within ten (10) days after such taking of possession. In the event Tenant elects to remain in possession, and Landlord does not so terminate, all of the terms herein provided shall continue in effect except that the minimum rent shall be proportionately and equitable abated, based on the amount of the Premises taken, and Landlord shall make all necessary repairs or alterations to restore the portion of the Premises remaining to as near its former condition as the circumstances will permit and to restore the building to the extent necessary to constitute the remainder a complete architectural unit; provided, however, that Landlord shall not be required to spend amounts in excess of the respective amounts received by Landlord for the taking of such part of the Premises and the building of which it forms a part, and Tenant, at Tenant's expense, shall make all necessary repairs and alterations to those items listed as "Tenant's Work" in Exhibit "C" hereto, including but not limited to Tenant's trade and lighting fixtures, decor, signs and contents.

If less than twenty-five percent (25%) of the Premises shall be taken, the lease term shall cease on the day of taking only as to the part so taken (subject to Landlord's right of termination as set forth in Section 2 of this Article); rent shall be proportionately abated and Landlord shall make necessary repairs or alterations as described in the previous paragraph.

SECTION 4. All damages awarded for such taking under the power or threat of eminent domain, whether for the whole or a part of the Premises, shall be assigned to and be the property of Landlord without any participation by Tenant, whether such damages shall be awarded as compensation for diminution in value or taking of the leasehold estate or the fee of the Premises; provided,

however, that nothing herein contained shall be construed to preclude Tenant from prosecuting any claim directly against the condemning authority, but not against Landlord, for the value of or damage to and/or for the cost of removal of Tenant's trade fixtures and other personal property which under the terms of this Lease would remain Tenant's property upon the expiration of the lease term, as may be recoverable by Tenant in Tenant's own right, provided further that no such claim shall diminish or otherwise affect Landlord's award. Each party agrees to execute and deliver to the other all instruments that may be required to effectuate the provisions of this Section.

SECTION 5. If a part or parts of the parking areas are taken, equal or less than thirty percent (30%) thereof as the same existed prior to such taking, Tenant shall not be entitled to compensation, diminution or abatement of any rent or other charges, nor shall the same be deemed an actual or constructive eviction. If as a result of any such taking of the parking areas the same are reduced below seventy percent (70%) thereof, Landlord shall have

the right, within one hundred eighty (180) days after receipt of the award in condemnation, to supply substitute parking facilities sufficient to meet minimum governmental requirements on the property of Landlord or within reasonable proximity to the shopping center; and in connection therewith, Landlord shall have the right to construct multi-deck, elevated, subterranean or vertical parking facilities. If Landlord shall be unable to replace or substitute any such parking facilities so taken to comply with the provisions of the preceding sentence, Landlord and Tenant shall each have the right and option to cancel and terminate this Lease, within ninety (90) days after the earlier of the end of said one hundred eighty (180) days or the date on which Landlord notifies Tenant that substitute parking facilities will not be provided by giving the other party a thirty (30) days' notice in writing; and in such event this Lease shall come to an end upon the expiration of said thirty (30) days and neither party thereafter shall have any further rights and obligations as against the other.

ARTICLE XXI - ASSIGNMENT AND SUBLETTING

SECTION 1. Tenant shall not assign or in any manner transfer this Lease or any interest therein, nor sublet the Premises or any part or parts thereof, nor permit occupancy by anyone with, through or under it, without the prior written consent of Landlord. Consent by Landlord to one or more assignments of this Lease or to one or more sublettings of the Premises shall not operate as a waiver of Landlord's rights under this Article as to any subsequent assignment or subletting. No assignment or sublease shall release Tenant (or its Guarantors, if any) of any of its obligations under this Lease or be construed or taken as a waiver of any of Landlord's rights or remedies hereunder. For the purpose hereof, if Tenant is a corporation or partnership or other entity, any change

in the control of Tenant shall be deemed to be an assignment which shall required Landlord's consent as set forth above.

SECTION 2. If Tenant desires at any time to make an assignment, it shall first notify Landlord of its desire to do so and shall submit in writing to Landlord (i) the name of the proposed assignee, mortgagee, subtenant or other transferee (any of the foregoing being hereinafter referred to as an "Assignee"), (ii) the nature of the proposed Assignee's business to be carried on at the Premises, (iii) a copy of the proposed Assignment Agreement and any other agreement to be entered into concurrently with such assignment, (iv) the financial information as Landlord may reasonably request concerning the proposed Assignee. Tenant shall pay to Landlord as additional rent at the time of submitting its notification the sum of Five Hundred Dollars ($500.00) to cover Landlord's administrative costs, overhead and counsel fees in connection with reviewing such proposed assignment. Neither the furnishing of such information nor the payment of such fee shall limit any of Landlord's rights or alternatives under this Article XXI.

SECTION 3. None of Tenant's rights under this Lease, nor any estate thereby created, shall pass to any trustee or receiver in bankruptcy, or any assignee for the benefit of creditors, or by operation of law.

ARTICLE XXII - COMPETITION

In recognition of the fact that this Lease provides for a percentage rent based on gross sales made by Tenant in or from the Premises, Tenant agrees that neither Tenant nor any affiliate or subsidiary of Tenant, directly or indirectly, shall under the same trade name or otherwise, operate, manage or have any interest in any other competing store or business for the sale of merchandise at retail, including a department or concession in another store, within three (3) miles from the shopping center, excluding establishments of Tenant in existence as of the date of the execution of this Lease, if any. If Tenant should violate this covenant, Landlord may (in addition to Landlord's other remedies) at its option, on each "date of adjustment" occurring

thereafter, increase the annual minimum rent payable to a sum which will be in the same ratio to the annual minimum rent otherwise fixed pursuant to this Lease as the ratio of the cost of living on the date of adjustment to the cost of living for the first month of the term of this Lease (as reflected by the "price index" published for said dates).

For purposes of this Article, the first "date of adjustment" shall be the day Tenant first violates this covenant, and each subsequent February 1 for the remainder of this Lease shall be a "date of adjustment." "Price index," as used herein, shall have the same meaning as in Article XXXIV, Section 15 hereof.

The amount of the increase in minimum rent, if any, will not be known on the date of adjustment; therefore, Tenant shall continue to pay minimum rent each month at the rate computed as of the previous date of adjustment until the new fixed minimum rent is determined. When such new minimum rent is determined, Landlord shall give Tenant notice thereof and Tenant shall add to the monthly payment first coming due thereafter the amount of arrears, if any. In no event shall the minimum rental be less than that specified in Article I hereof.

ARTICLE XXIII - FAILURE TO DO BUSINESS

The parties covenant and agree that because of the difficulty or impossibility of determining Landlord's damage by way of loss of anticipated percentage rent from Tenant and other tenants in the shopping center, or by way of loss of value of the shopping center or adverse publicity or appearance by Tenant's actions, should Tenant (a) fail to take possession and open for business in the Premises fully fixtured, stocked and staffed on the Commencement Date, or (b) vacate, abandon or desert the Premises, or (c) cease operating or conducting Tenant's business therein (except where the Premises are rendered untenantable by reason of fire, casualty, permitted repairs or alterations or other causes beyond Tenant's control) or (d) fail or refuse to maintain business hours on such days or nights or any part thereof as established by Landlord, then and in any of such events (hereinafter collectively referred to as "failure to do business"), Landlord shall have the right, at its option, (i) to collect not only fixed minimum rent and other rents and charges herein reserved (including percentage rent), but also additional rent equal to one-quarter (1/4) of the fixed minimum rent reserved for the period of Tenant's failure to do business, computed at a daily rate for each and every day or part thereof during such period; and such additional rent shall be deemed to be liquidated damages to compensate Landlord for percentage rent that might have been earned by Landlord during such period, and in addition, at Landlord's option (ii) to treat such failure to do business as an "Event of Default" within the meaning of Article XXIV of this Lease. As used herein the terms "vacate," "abandon" or "desert" shall not be defeated because Tenant may have left all or any part of its trade fixtures or other personal property in the Premises.

ARTICLE XXIV - DEFAULT

SECTION 1. Upon the happening of any one or more of the following events (herein referred to as an "Event of Default") Landlord may immediately or at any time thereafter exercise any remedies conferred upon Landlord by law or this Lease:

a. If this Lease be assigned or the Premises be sublet, either voluntarily or by operation of law, except as herein expressly provided; or

b. If Tenant shall fail to pay, within ten (10) days after the same is due, any rental, charge or other sum payable hereunder or deliver statements required pursuant to the terms hereof; or

c. Tenant shall fail to correct any default with respect to Article XXIII hereof within five (5) days after written notice of such default shall have been given to Tenant; or

d. Tenant shall fail to keep, observe or perform any of the other terms, covenants and conditions herein to be kept, observed and performed by Tenant for more than thirty (30) days after written notice shall have been given to Tenant specifying the nature of such default; or

e. The making by Tenant of an assignment for the benefit of its creditors; or

f. The levying of a writ of execution or attachment on or against the property of Tenant; or

g. In the event proceedings are instituted in a court of competent jurisdiction for the reorganization, liquidation or involuntary dissolution of Tenant, or for its adjudication as a bankrupt or insolvent, or for the appointment of a receiver of the property of Tenant, and said proceedings are not dismissed and any receiver, trustee or liquidator appointed therein discharged within thirty (30) days after the institution of said proceedings.

SECTION 2. Among the remedies which Landlord may exercise are the following:

a. Landlord shall have the immediate right to re-enter the Premises and dispossess Tenant and all other occupants therefrom and remove and dispose of all property therein or, at Landlord's election, to store such property in a public warehouse or elsewhere at the cost and for the account of Tenant, all without service of any notice of intention to re-enter with or without resort to legal process (which Tenant hereby expressly waives), and without Landlord being deemed guilty of trespass or becoming liable for any loss or damage which may be occasioned thereby. Any such re-entry shall hereinafter be referred to as "Repossession." No such Repossession of the Premises by Landlord shall be construed as an election on its part to terminate this Lease.

b. If an event of default shall have occurred and be continuing, Landlord shall also have the right, at its option, in addition to and not in limitation of any other right or remedy, to terminate this Lease by giving Tenant a written three (3) days' notice of cancellation and upon the expiration of said three (3) days, this Lease and the lease term hereof shall end and expire and thereupon, unless Landlord shall have theretofore elected to re-enter the Premises, Landlord shall have the immediate right of re-entry as more fully described in Section 2(a) of this Article, and Tenant and all other occupants shall quit and surrender the Premises to

Landlord, but Tenant shall remain liable as hereinafter mentioned.

c. From time to time after Repossession of the Premises, whether or not this Lease has been terminated, Landlord may, but shall not be obligated to, attempt to re-let the Premises for the account of Tenant in the name of Landlord or otherwise, for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the term of this Lease) and upon such terms (which may include concessions or free rent) and for such uses as Landlord, in its uncontrolled discretion, may determine, and may collect and receive the rent therefor. Any rent received shall be applied against Tenant's obligations hereunder, but Landlord shall not be responsible or liable for any failure to collect any rent due upon any such re-letting.

d. No termination of this Lease pursuant to Section 2(b) of this Article and no Repossession of the Premises pursuant to Section 2(a) or (b) of this Article or otherwise shall relieve Tenant of its liabilities and obligations under this Lease, all of which shall survive any such termination or Repossession. In the event of any such termination or Repossession, whether or not the Premises shall have been re-let, Tenant shall pay to Landlord the minimum rent, additional rent and other sums and charges to be paid by Tenant up to the time of such termination or Repossession and thereafter Tenant, until the end of what would be been the term of this Lease in the absence of such termination or Repossession shall pay to Landlord, as and for liquidated and agreed current damages for Tenant's default, the equivalent of the amount of the minimum rent, additional rent and such other sums

and charges which would be payable under this Lease by Tenant if this Lease were still in effect, less the net proceeds, if any, of any re-letting effected pursuant to the provisions of section 2(c) of this Article after deducting all of Landlord's expenses in connection with such re-letting, including, without limitation, all repossession costs, brokerage and management commissions, operating expenses, legal expenses, attorneys' fees, alteration costs, and expenses of preparation for such re-letting. Tenant shall pay such current damages to Landlord monthly on the days on which the minimum rent would have been payable under this Lease if this Lease were still in effect, and Landlord shall be entitled to recover the same from Tenant on each such day. At any time after such termination or Repossession whether or not Landlord shall have collected any current damages as aforesaid, Landlord shall be entitled to recover from Tenant, and Tenant shall pay to Landlord on demand, as and for liquidated and agreed final damages for Tenant's default, an amount equal to the then present value of the excess of the minimum rent, additional rent and other sums or charges reserved under this Lease from the day of such termination or Repossession for what would be the then unexpired term if the same had

remained in effect, over the then net fair rental value of the Premises for the same period as determined by an independent real estate appraiser named by Landlord. For purposes of this section, "present value" shall be computed by discounting such excess to present value at a discount rate equal to one percentage point above the discount rate then in effect at the Federal Reserve Bank of Minneapolis.

e. In addition to all other remedies of Landlord, Landlord shall be entitled to reimbursement upon demand of all reasonable attorneys fees incurred by Landlord in connection with any Event of Default.

f. In determining the Percentage Rent which would be payable by Tenant for any period when Tenant is no longer in possession of the Premises following an Event of Default, the same shall be deemed to be for each lease year during the remainder of the lease term hereof, or the period equivalent thereto which otherwise would have constituted the balance of the lease term hereof, the average annual percentage rent paid or payable by Tenant from the commencement of the lease term hereof to the end of lease year immediately preceding the occurrence of

such Event of Default, or during the immediately preceding three (3) full lease years, whichever period is shorter.

g. Landlord and Tenant agree that the remedies available to Landlord under law and the remedies expressly described in this Lease may not be adequate; therefore, Tenant hereby agrees that Landlord may institute any action or proceeding to compel Tenant to specifically perform and observe any covenant, agreement or condition of this Lease or to enjoin Tenant from defaulting in the performance or observance of any covenant, agreement or condition of this Lease. Tenant hereby waives the claim or defense that Landlord has an adequate remedy at law and Tenant covenants that Tenant will not assert such claim or defense in any such action or proceeding

h. In the event of any breach hereunder by Tenant, Landlord may immediately or at any time thereafter, without notice, perform or observe any of Tenant's obligations hereunder for the account and at the expense of Tenant. Such performance or observance by Landlord shall not constitute a waiver of Tenant's default.

If Landlord at any time, by reason of such breach, is compelled to pay, or elects to pay, any sum of money or do any act which will require the payment of any sum of money, or is compelled to incur any expense, including reasonable attorneys' fees, by instituting or prosecuting any action or proceeding to enforce Landlord's rights hereunder, the sum or sums so paid by Landlord, shall bear interest from the date of payment at the rate specified in Article VII, Section 2 hereof.

i. The remedies conferred upon Landlord by law, and the remedies conferred upon Landlord by this Lease are cumulative; and no remedy shall be deemed to exclude any other remedy. Each remedy may be exercised from time to

time, as often as occasion arises.

SECTION 3. This Lease is intended as and constitutes a security agreement within the meaning of the Uniform Commercial Code. As security for payment of rent, damages and all other payments to be made by Tenant, Tenant hereby grants to Landlord a lien and security interest under the Uniform Commercial Code in all property of Tenant now or hereafter placed on the Premises, including but not limited to leasehold improvements, trade

fixtures, furnishings and inventory. Tenant agrees to execute such financing statements as Landlord may from time to time request in order to perfect this security interest. Landlord may at its election file a copy of this Lease as a financing statement. Landlord, as a secured party, shall be entitled to all of the rights and remedies available to a secured party under the Uniform Commercial Code.

SECTION 4. Should Landlord be in default under the terms of this Lease, Landlord Shall have reasonable and adequate time (which shall be at least thirty (30) days) in which to cure the same after written notice to Landlord by Tenant.

In the event of any act or omission of Landlord which would give Tenant the right, immediately or after lapse of a period of time, to cancel or terminate this Lease, or to claim a partial or total eviction, Tenant shall not exercise such right (a) until it has given written notice of such act or omission to the holder of each superior mortgage and the lessor of each superior lease whose name and address shall previously have been furnished to Tenant in Writing; and (b) until a reasonable period for remedying such act or omission shall have elapsed following the giving of such notice and following the time when such holder or lessor shall have become entitled under such superior mortgage or superior lease, as the case may be, to remedy the same (which reasonable period shall in no event be less than the period to which Landlord would be entitled under this Lease or otherwise, after similar notice, to effect such remedy), provided that if such act or omission shall be one which is not capable of being remedied by Landlord or such mortgage holder within a reasonable period of time, Tenant shall not exercise such right if such holder or Landlord shall with due diligence give Tenant written notice of intention to, and commence and continue to remedy such act or omission.

Anything in this agreement to the contrary notwithstanding, Landlord shall not be deemed in default with respect to the performance of any of the terms, covenants and conditions of this Lease if the same shall be due to any strike, lock-out or other labor trouble, material shortages, governmental restrictions, fire, acts of God, the elements, war, riot, rebellion or any other cause beyond the reasonable control of Landlord, and this Lease and the obligation of Tenant to pay rent hereunder and perform all of the other covenants to be performed hereunder by Tenant shall not be affected, impaired or excused, except as otherwise specifically provided herein.

ARTICLE XXV - SECURITY DEPOSIT

Tenant hereby deposits with Landlord the sum referred to in Article I hereof as security for the faithful performance by Tenant of every term and condition of this Lease. If any of the rents herein reserved or any other sum payable by Tenant to Landlord

shall be overdue or unpaid, or if Landlord makes any payment on behalf of Tenant or if there shall be a breach or default by Tenant in respect of any term or condition of this Lease, Landlord may use all or any part of the security to perform the same for the account of Tenant, or for any damages or

deficiency in the re-letting of the Premises, whether such damages or default accrue before or after summary proceedings or re- entry by Landlord. The provisions herein contained do not limit the rights of Landlord pursuant to the terms of Article XXIV of this Lease. It is understood that no interest on said security will be paid by Landlord to Tenant.

In the event of any sale, transfer or assignment of the Landlord's interest under this Lease, Landlord may transfer or assign said security to the vendee, transferee or assignee, as the case may be, and Landlord thereupon shall be released from all liability for the repayment of said security, and Tenant, in each instance, shall look solely to such vendee, transferee or assignee, as the case may be, for repayment of said security. The provisions hereof shall apply to each such sale, transfer or assignment and to each such transfer or assignment of such security.

ARTICLE XXVI - SURRENDER OF POSSESSION

SECTION 1. At the expiration of the tenancy created hereunder, whether by lapse of time or otherwise, Tenant shall surrender the Premises in good condition and repair except for reasonable wear and tear, any repairs specifically required herein to be performed by Landlord and loss by fire or other causes which can be insured by standard fire and extended coverage insurance or which is covered by other insurance. If the Premises is not surrendered at the end of the term or the sooner termination thereof, Tenant shall indemnify Landlord against loss or liability resulting from delay by Tenant in so surrendering the Premises, including without limitation, claims made by any succeeding tenant founded on such delay.

SECTION 2. In the event Tenant remains in possession of the Premises after the expiration of the tenancy created hereunder without the execution of a new lease, Tenant, at the option of Landlord, shall be deemed to be occupying the Premises as a tenant from month to month, at a monthly rental equal to the sum of (i) twice the monthly installment of minimum rent payable during the last month of the lease term, (ii) the monthly common area charge, (iii) the monthly promotional charge, and (iv) one-twelfth (1/12) of the average percentage rent payable hereunder for the last lease year, subject to all the other conditions, provisions and obligations of this Lease insofar as the same are applicable to a month-to-month tenancy.

SECTION 3. Upon the expiration of the tenancy hereby created, if Landlord so requires in writing at that time, Tenant shall immediately remove any permanent alterations, additions, fixtures

and improvements made or installed in the Premises by Tenant as designated in said request, and shall remove all non-permanent alterations, additions, improvements and fixtures made or installed therein by Tenant, and repair any damage occasioned by all such removals at Tenant's expense, and in default thereof, Landlord may effect such removals and repairs, and Tenant shall pay Landlord the cost thereof, with interest as provided in Article VII, Section 2 hereof.

ARTICLE XXVII - FINANCIAL ABILITY OF TENANT

Not later than fifteen (15) days after the date of this Lease Tenant shall furnish to Landlord evidence in form and substance satisfactory to Landlord of Tenant's ability to perform its financial obligations under this Lease including but not limited to payment of costs of Tenant's Work (as defined in Exhibit "C"), costs of other initial leasehold improvements, fixtures and furnishings of the Premises and costs of operation of Tenant's business including working capital, inventory purchases and rent and costs and charges under this Lease. In the event that Tenant is relying upon a lender's commitment to provide financing, such commitment shall be in form and substance satisfactory to Landlord. In making its determination of Tenant's financial ability, Landlord may, but shall not be required to, take into account the

financial ability of any guarantors of Tenant's obligations under this Lease.

In the event that Tenant's financial condition (or the evidence of such condition) is not satisfactory to Landlord, Landlord shall have the option, exercisable by written notice delivered to Tenant within thirty (30) days to terminate this Lease. In the event that this Lease is terminated pursuant to this Article XXVII, any money or security deposited hereunder shall be returned to Tenant and neither party shall have any further right, duty, privilege or obligation hereunder.

ARTICLE XXVIII - SUBORDINATION

Tenant agrees that this Lease shall be subject and subordinate to all covenants, restrictions, easements, agreements, liens and encumbrances now or hereafter affecting the fee title to the shopping center property and to all ground and underlying leases and mortgages, trust deeds, or any other method of financing or refinancing in any amounts, and to any and all advances to be made thereunder and to the interest thereon, which may now or hereafter be placed against or affect any and all of the land and/or the Premises and/or any or all of the buildings and improvements now or at any time hereafter constituting a part of or adjoining the shopping center and all renewals, modifications, replacements and extensions thereof. Tenant further agrees that upon notification by Landlord to Tenant, this Lease shall be or become prior to any ground and underlying leases and mortgages, trust deeds or any other method of financing or refinancing that may heretofore or

hereafter be placed on the shopping center or any part thereof. Tenant shall execute and deliver whatever instruments may be required for the above purposes, and failing to do so within ten (10) days after demand in writing, in addition to the remedies provided in Article XXIV, does hereby make, constitute and irrevocably appoint Landlord as its attorney-in-fact and in its name, place and stead so to do.

ARTICLE XXIX - QUIET ENJOYMENT

Tenant, upon paying the rents herein reserved and performing and observing all of the other terms, covenants and conditions of this Lease on the Tenant's part to be performed and observed hereunder, shall peaceably and quietly have, hold and enjoy the Premises during the lease term hereof, subject nevertheless, to the terms of this Lease, and to any mortgages, ground or underlying leases, agreements and encumbrances to which this Lease is or may be subordinated.

ARTICLE XXX - CORPORATE TENANT

If Tenant is a corporation, the persons executing this Lease on behalf of Tenant hereby covenant, represent and warrant that Tenant is a duly incorporated or duly qualified (if foreign) corporation and is authorized to do business in the State of Minnesota (a copy of evidence thereof to be supplied to Landlord upon request), that each person executing this Lease on behalf of Tenant is an officer of Tenant, and that he or they as such officers are duly authorized to sign and execute this Lease (a copy of a resolution of the same to be supplied to Landlord upon request).

ARTICLE XXXI - TENANT'S STATEMENT

Within ten (10) days after written request therefor by Landlord, Tenant shall execute, acknowledge and deliver to Landlord or to any proposed purchaser or lender a written statement, similar in form to Exhibit D hereto attached, certifying: (a) the commencement date of this Lease; (b) that this Lease is unmodified and in full force and effect (or if there have been modifications, that the Lease with such modifications is in full force and effect); (c) the dates to which the minimum rent and other charges have been

paid; (d) that there are no defenses or offsets to the Lease (or if there are offsets, the offsets claimed by Tenant); and (e) such other matters as may reasonably be requested by Landlord.

Tenant's failure to deliver such a statement within such time shall be conclusive upon Tenant (i) that this Lease is in full force and effect, without modification except as may be represented by Landlord, (ii) that there are no uncured defaults in Landlord's

performance, and (iii) that no rental has been paid in advance unless otherwise herein specifically provided.

ARTICLE XXXII - RULES AND REGULATIONS, HOURS

Tenant agrees that Landlord may, from time to time, establish reasonable rules and regulations for the management, safety, care and cleanliness of the shopping center and the preservation of good order therein and for the convenience of all occupants and tenants of the shopping center including, but not limited to, rules concerning shopping center hours, trash and garbage and parking. Landlord shall have the right to establish different rules for different tenants or classes of tenants as Landlord in its sole discretion deems necessary or appropriate. Tenant, together with all other persons entering or occupying the Premises at Tenant's invitation or with Tenant's permission, shall comply with such rules and regulations, which, by this reference, become binding conditions of this Lease. Any changes from time to time in such rules and regulations shall become effective upon delivery of a copy thereof to Tenant at the Premises by Landlord and shall apply equally to all tenants similarly situated without discrimination, except as otherwise provided in this Lease. Tenant shall keep the Premises open for business during the days and hours designated by Landlord from time to time. Landlord shall have the right to establish different business hours and/or days for different Tenants or classes of Tenants.

ARTICLE XXXIII - NOTICES

Whenever under this Lease a provision is made for notice of any kind, such notice shall be in writing and signed by or on behalf of the party giving or making the same, and it shall be deemed sufficient notice and service thereof if delivered or tendered in person or if sent by registered or certified mail, postage prepaid, return receipt requested, and if such notice is to Tenant, to the post office address of Tenant set forth on the first page of this Lease, or to the Premises; and if such notice is to Landlord, to the address set forth on the first page of this Lease, or to the place then fixed for the payment of rent. Either party may designate a different address to which notices shall thereafter be sent by giving notice thereof to the other party in accordance with this Article. If Landlord or Tenant is more than one person, notice need be sent to but one tenant or one landlord, as the case may be. The Tenant hereby agrees to give the mortgagee of the shopping center notice of any default of the Landlord in the performance of any of the terms, covenants and provisions to be performed by the Landlord hereunder, as required by Article XXIV, Section 4 hereof.

ARTICLE XXXIV - MISCELLANEOUS

SECTION 1. All negotiations, considerations, representations and understandings between the parties are incorporated herein and may be modified or altered only by a writing signed by the party to be charged.

SECTION 2. The headings of the several articles contained herein are

for convenience only and do not define, limit or construe the contents of such articles.

SECTION 3. The word "Tenant," as used herein, shall include the plural as well as the singular; if there are more than one Tenant hereunder, the obligations imposed on Tenant shall be joint and several. Whenever herein the singular number is used, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders.

SECTION 4. This Lease is submitted to Tenant on the understanding that it will not be considered an offer or constitute an option to lease the Premises and will not bind Landlord in any way until (a) Tenant has duly executed and delivered duplicate originals to Landlord and (b) Landlord has executed and delivered one of such originals to Tenant.

SECTION 5. Nothing contained herein shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or of partnership or of joint venture between the parties hereto.

SECTION 6. Landlord and Tenant acknowledge that each of them and their counsel have had an opportunity to review this Lease and that this Lease will not be construed against Landlord merely because Landlord's counsel has prepared it.

SECTION 7. The invalidity or unenforceability of any provision contained in this Lease shall not affect or impair the validity of any other provision of this Lease.

SECTION 8. The laws of the State of Minnesota shall govern the validity, performance and enforcement of this Lease.

SECTION 9. Upon request, Tenant agrees to execute a "Memorandum Lease" for recording. Tenant shall not record this Lease or any memorandum thereof without the prior written consent of Landlord.

SECTION 10. Tenant warrants that it has had no dealings with any broker or agent in connection with this Lease and covenants to pay, hold harmless and indemnify Landlord from and against any and all cost, expense or liability for any compensation, commissions and charges claimed by any broker or other agent with respect to this Lease or the negotiation thereof.

SECTION 11. Tenant acknowledges and agrees that the liability of Landlord under this Lease shall be limited to its interest in the shopping center and any judgments rendered against Landlord shall be satisfied solely out of the proceeds of sale of its interest in the shopping center. No personal judgment shall lie against Landlord upon extinguishment of its rights in the shopping center and any judgment so rendered shall not give rise to any right of execution or levy against Landlord's assets. The foregoing provisions are not intended to relieve Landlord from the performance of any of Landlord's obligations under this Lease, but only to limit the personal liability of Landlord in case of recovery of a judgment against Landlord; nor shall the foregoing be deemed to limit Tenant's rights to obtain injunctive relief or specific performance or to avail itself of any other right of remedy which may be award Tenant by law or under this Lease.

SECTION 12. The various rights and remedies herein contained and reserved to each of the parties hereto shall not be considered as exclusive of any other right or remedy of such party, but shall be construed as cumulative and shall be in addition to every other remedy now or hereafter existing at law, in equity, or by statute. No delay or omission of the exercise of any right or power by either party shall impair such right or power, or shall be construed as a waiver of any default or as acquiescence therein. One or more waivers of any covenant, term or condition of this Lease by either party shall

not be construed by the other party as a waiver of a subsequent breach of the same covenant, term or condition.

The consent or approval by either party to or of any act by the other party of a nature requiring consent or approval shall not be deemed to waive or render unnecessary consent to or approval of any subsequent similar act. The receipt by Landlord of rent or other charges with knowledge of a breach of any provision of this Lease shall not be deemed a waiver of such breach. No provision of this Lease shall be deemed to have been waived unless such waiver shall be in writing and signed by the party to be charged. No waiver by Landlord in favor of any other tenant or occupant shall constitute a waiver in favor of the Tenant herein.

SECTION 13. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent and/or other charges herein stipulated shall be deemed to be other than on account of the earliest stipulated rent and/or other charges then unpaid, nor shall any endorsement or statement on any check or any letter accompanying any check or payment by Tenant be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent and/or other charges or pursue any other remedy in this Lease or by law provided.

SECTION 14. The covenants, agreements and obligations herein contained shall extend to, bind and inure to the benefit not only of the parties hereto but their respective personal representatives, heirs, successors and assigns, provided, that nothing in this section shall be deemed to permit any assignment, subletting or occupancy by Tenant contrary to the provisions of Article XXI. If Landlord or any successor or assign of Landlord shall assign its interest in this Lease, it shall thereafter be entirely relieved of all terms, covenants and obligations thereafter to be performed by Landlord under this Lease, provided (a) that any funds then being held by Landlord or the then grantor or transferor for Tenant's account shall be turned over, subject to such interest, to the then grantee or transferee; and (b) notice of such assignment shall be delivered to Tenant.

Tenant agrees that in the event of a sale, transfer or assignment of the Landlord's interest in the shopping center or any part thereof, including the Premises, or in the event any proceedings are brought for the foreclosure of or for the exercise of any power of sale under any mortgage made by Landlord covering the shopping center or any part thereof, including the Premises, or in the event of a cancellation or termination of any ground or underlying lease covering the shopping center or any part thereof, including the Premises, to attorn to and to recognize such transferee, purchaser, ground or underlying lessor or mortgagee as Landlord under this Lease.

SECTION 15. "Price index," as used in this Lease, means the "Minneapolis St. Paul - All Items - Consumer Price Index for All Urban Consumers (1982-1984 = 100)" issued from time to time by the Bureau of Labor Statistics of the U.S. Department of Labor, or any other measure hereafter employed by said Bureau or any successor in lieu thereof which purports to reflect the change in the cost of living; if the government ceases to publish a price index which will permit the measurement of the approximate cost of living increase from time to time, then the amount of such increase shall be determined by arbitration in accordance with the procedures of the American Arbitration Association in order to give effect to the intent of this Section.

SECTION 16. This Lease may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts shall together constitute one and the same instrument.

IN WITNESS THEREOF, Landlord and Tenant have executed this Lease as of the 4th day of January, 1996.

LANDLORD: CALHOUN SQUARE ASSOCIATES LIMITED PARTNERSHIP

By Calhoun Square Associates
General Partner of Calhoun Square Associates Limited Partnership

By RHH Limited Partnership
General Partner of Calhoun Square Associates

By _____
General Partner of
RHH Limited Partnership

TENANT: LAKE & HENNEPIN BBQ AND BLUES, INC.

By _____

Its_____

EXHIBIT A

The Land described in the referenced instrument is located in Hennepin County, Minnesota, and is described as follows:

Lots 2 thru 12, inclusive, Block 15 and all of the vacated alley in said Block 15, Calhoun Park.

Lots 1, 2, 3, 10, 11, 12, Block 14, Calhoun Park and all of the vacated alley adjacent thereto.

Lots 4, 5 and 6, Block 14, Calhoun Park and the East 1/2 of the vacated alley adjacent thereto.

Lots 7 thru 12, inclusive, Block 13, Calhoun Park.

Lots 7 thru 10, inclusive, Block 12, Calhoun Park.

All of the vacated Girard Avenue South lying North of the North line of West 31st Street and South of the North line of Lot 10, Block 12 extended west.

Part of the above property being registered property, more particularly described as follows:

The North 1 foot of Lot 9 and the South 45 feet of Lot 10, Block 15, Calhoun Park.

EXHIBIT A-1
CALHOUN SQUARE LEASE
PERMITTED ENCUMBRANCES

To the best of Landlord's knowledge, the attached Condition of Title (which pertains to the Torrens part of the real property described in Exhibit

A) describes the encumbrances as to all of the real property described in Exhibit A except as follows:

(1) The mortgage identified in entry 1 has been satisfied and the memorial has been deleted by order of the Examiner of Titles;

(2) The assignments of rents identified in entries 7 and 9 relate to mortgages identified in entries 6 and 8, respectively, both of which have been satisfied. Accordingly, the assignments of rent are no longer effective.

Landlord and Tenant agree that the encumbrances in the attached Condition of Title are permitted encumbrances.

[Attachment has been deleted -- document is of record in the Hennepin County Clerk's office]

EXHIBIT B

Exhibit B is a map showing location of the Property.

EXHIBIT C
CONSTRUCTION

I. PRELIMINARY MATTERS:

A. DESIGN PACKAGE

Promptly upon execution of this Lease, Landlord shall deliver to Tenant applicable architectural, structural, electrical and mechanical information, design theme criteria and other data, details, and requirements (hereinafter collectively referred to as "Design Package") with which Tenant shall fully comply in the preparation of Tenant's Work. Landlord makes no warranties or representations regarding the accuracy of plans, drawings or other information prepared by or for the use of former tenants of the Premises and furnished to Tenant. Tenant assumes all risks arising out of the use of such plans, drawings and information.

B. TENANT CONTRACTS

Within ten (10) days after delivery by Landlord to Tenant of the Design Package, Tenant shall inform Landlord, in writing, of the name, address and telephone number of Tenant's architect or designer and also Tenant's authorized business representative. Tenant agrees to promptly notify Landlord, in writing, of any change or changes of its architect or designer and/or business representative.

II. PLAN REVIEWAL:

A. SUBMISSION PROCEDURE

1. Preliminary Drawings. Within twenty (20) days after the date on which Landlord delivers the Design Package to Tenant, Tenant shall prepare and deliver to Landlord a preliminary drawing of Tenant's storefront.

2. Working Drawings. Within thirty (30) days after the date of Landlord's delivery of the Design Package to Tenant, Tenant shall prepare and submit to Landlord both: (a) the working drawings and specifications for Landlord's written approval (including working drawings for the storefront); and (b) an estimate

prepared by Tenant's architect or designer, of the probable cost of Tenant's Work, such estimated probable cost to be itemized as to the various portions of Tenant's Work in such detail as Landlord may reasonably request. The working drawings (plans) and specifications shall include the complete development and delineation by

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licensed architects, engineers, or designers of working drawings (plans), specifications, bid instructions, bid forms, general conditions, and other documents and details as required to completely describe the architectural, mechanical and electrical components of the work, all as more fully defined in the Design Package.

3. Review and Approval of Drawings. Landlord will review Tenant's drawings within ten (10) days after receipt thereof and either approve or reject the same. Landlord's approval will be evidenced by returning one set of drawings to Tenant with an endorsement of either (i) "Approved, Final" or (ii) "Approved, Final as Noted". Landlord shall notify Tenant of the manner, if any, in which said drawings as submitted by Tenant fail to conform with the provisions of this Lease or the Design Package, are incomplete, inadequate or are otherwise unacceptable to Landlord and in any such case, Landlord's rejection will be endorsed thereon in one of the following manners: (i) "Approved as Noted, Resubmit", or (ii) "Not Approved, Resubmit" or (iii) "Other".

4. Resubmission. Within ten (10) days following receipt of Landlord's rejection, if any, Tenant shall promptly revise or correct the drawings and resubmit revisions or corrections to Landlord correcting the objections previously noted. Landlord shall review said resubmitted drawings within ten (10) days. If Tenant's resubmitted drawings are again rejected, (i) Tenant shall be responsible for all ensuing delays as provided in paragraph XIII of this Exhibit, (ii) Tenant shall continue to resubmit drawings until the same are approved, and (iii) Tenant shall pay to Landlord upon demand all costs and expenses thereafter incurred by Landlord in connection with such drawings including, but not limited to the costs and charges of Landlord's representative, architect and engineer for work done thereon.

5. Final Date. In any event, Tenant is obligated to have completed and approved working drawings and specifications no later than ninety (90) days after the complete Design Package is sent to Tenant.

6. Changes. Tenant covenants and agrees that no other revisions, corrections, additions or changes shall be made by Tenant to the working drawings except with respect to such objections expressly

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previously noted; and Tenant shall be liable for any and all costs and damages incurred by Landlord resulting from a breach of this covenant.

If any changes are made in Tenant's working drawings and/or color rendition of the storefront design, after Landlord's approval thereof, as above provided, either prior to or during construction of Tenant's Work, Tenant shall submit to Landlord, for Landlord's approval, two (2) sets of revised working drawings and/or one (1) color rendition of the storefront design, whichever the case may be; and in such event, Tenant shall pay to Landlord all reasonable architectural and engineering fees and costs of Landlord's architects and engineers for the study, review and approval of such revised working drawings and/or such revised color rendition of the storefront design.

7. Anything herein contained to the contrary notwithstanding, any approval or other action given or taken by Landlord or Landlord's architect with respect to Tenant's preliminary drawings or working drawings or Tenant's Work shall not obligate Landlord in any manner whatsoever in respect to the finished product, design and/or construction by Tenant. Any deficiency in design or construction, although the same had prior approval of Landlord, shall be solely the responsibility of Tenant. Tenant shall be solely responsible for corrections in Tenant's Work and its working drawings and specifications required by governmental authority.

8. Within thirty (30) days after completion of the Premises, Tenant shall deliver to Landlord one set of rolled reproducibles of working drawings of the Premises as built. "Reproducibles" shall be full size mylars or sepias capable of reproducing Tenant's complete approved final working drawings (plans) and specifications; and shall be rolled and delivered in a suitable mailing tube so as to prevent creasing.

B. MINIMUM REQUIRED PRELIMINARY DRAWINGS

All submissions of preliminary drawings shall consist of at least one (1) sepia transparency and two (2) blueline prints of the following:

1. Elevation(s) of storefront at a minimum scale of 1/4" = 1'0" to include the following details: (a) type of closure (doors/grilles); (b) show windows; (c) relief air

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grille; (d) type of material; (e) finish of material; (f) colors of finish; (g) sign: indicate color, style, size and

location on storefront; and (h) logo (if applicable).

2. Rendering of a colored storefront elevation.

C. MINIMUM REQUIRED WORKING DRAWINGS

All submissions of working drawings shall consist of at least one (1) sepia transparency and two (2) blueline prints of the following:

1. Key Plan showing location of particular tenant.

2. Floor Plan(s) at a minimum scale of 1/4" = l'0" to include the following detail: (a) location of walls and interior partitions; (b) fixtures; (c) displays; (d) show grid lines by letter and number to match Landlord's grid; (e) include space number designation; (f) North Arrow; (g) room finish schedule; and (h) door schedule.

3. Elevation(s) at a minimum scale of 1/4" = 1' 0" to include the following detail: a. Storefront: (1) type of closure (door/grille); (2) show windows; (3) Relief air grille; (4) type of material; (5) finish of material; (6) colors of finish; (7) sign: indicate color, style, size and location on storefront; (8) logo (if applicable); b. Interior Walls: (1) type of material; (2) finish of material; and (3) color of finish.

4. Detail at the minimum scale of 1/4" = 1' 0" unless otherwise noted: (a) overall longitudinal section; (b) storefront; and (c) interior partitions at 1/2" - 1,0".

5. Sections at the minimum scale of 1-1/2" = 1' 0" unless otherwise noted: (a) storefront; (b) special conditions encountered; and (c) door jamb.

6. Reflected Ceiling Plan at the minimum scale of 1/4" - 1' 0" to include the following detail: (a) layout of ceiling, including sprinkler heads; (b) lighting fixture location; (c) special ceiling fixtures; and (d) materials.

7. Electrical distribution plan at the minimum scale of 1/4" = 1' 0" to include the following detail: (a) circuiting and switching; (b) wall and floor outlets; (c) riser diagram; (d) telephone; (e) reflected ceiling plan; and (f) electrical fixture/equipment schedule.

8. Heating, Ventilating and Air Conditioning Plans at the minimum scale of 1/4" = 1' 0" to include the following

detail: (a) ductwork layout; (b) reheat coil(s); (c) thermostat(s); (d) hot water piping; (e) diffusers, grilles, registers; (f) free air opening to mall; (g) special exhaust systems (where applicable); (h) makeup air systems (where applicable); (i) mechanical details at a scale of 1/2" = l'0"; and (j) tabulation sheet included in Tenant Information package is to be filled out by the mechanical/electrical designer and attached to the HVAC drawing.

9. Specifications. Outline specifications covering all Tenant work, architectural (including list of hardware), electrical, mechanical,

sprinkler and heating, ventilating and air conditioning, shall be provided with the above drawings.

10. Structural drawings. If Tenant's mechanical equipment (including escalators, elevators . . .) requires a structural revision in the Landlord's shell, Tenant shall furnish Landlord with sufficient plans, specifications, and data that Landlord's structural engineers may design correct structural revisions.

11. Sample Boards. With the minimum required working drawings, Tenant will furnish sample boards indicating colors, textures, materials, etc., of all surfaces on storefront(s) and public areas in the Premises.

III. CONDITION OF PREMISES:

Except as may be otherwise herein provided, Tenant shall by entering into and occupying the Premises, and by commencing Tenant's Work therein, be conclusively deemed to have accepted the same and to have acknowledged that the Premises are as represented by the Landlord and are in the condition required by the Lease.

IV. TENANT'S WORK:

Except as otherwise provided in the Lease, all work required to complete and place the Premises in finished condition for the opening for business shall be at Tenant's sole expense and shall be Tenant's responsibility to perform or, where hereinafter noted, to request Landlord to perform for Tenant at Tenant's cost.

A. WORK DONE BY TENANT AT TENANT'S COST

1. Floors. All construction and finishes related to floors shall be designed by Tenant and when approved by Landlord shall be installed by Tenant. Such work shall include but not be limited to: inserts, sleeves and conduit in slabs, slab depressions, raised floors, wood, tile, carpet or other special floor finishes. Tenant shall not install flooring or locate sales fixtures over

plumbing cleanouts in a manner which renders them not easily accessible.

2. Ceilings. All construction and finishes relating to ceilings shall be designed by Tenant and when approved by Landlord shall be installed by Tenant. Such work shall include but not be limited to: ceiling drops, facias, coves, integrated ceilings and special ceiling finishes, paint, etc. All ceiling heights are subject to Landlord's approval. Access shall be provided to HVAC equipment at locations designated by Landlord.

3. Walls. Construction and finishing of partitions shall be designed by Tenant and when approved by Landlord shall be installed by Tenant. Such work shall include but not be limited to: additional backing support in demising walls as required, additional interior stud walls, sheetrock, painting, decorating, etc.

4. Doors. Doors and frames into service corridors not required by code may upon approval by Landlord be installed by Tenant.

5. Storefronts. Tenant shall be solely responsible for design and, when approved by Landlord, installation of a storefront to the Premises. Design of the storefront shall meet the Landlord's design criteria which will be set forth in the Design Package.

6. Electrical. All construction and finishes relating to electrical work shall be designed by Tenant and when approved by Landlord shall be installed by Tenant. Such work shall include but not be limited to: distribution, switches, outlets, special lighting, fixture wiring and lighting, intercom, alarm systems, timers, sound systems, etc. In the event the roof is penetrated by this equipment, the Landlord's roofing contractor will, at Tenant's cost, provide the necessary curbs, flashing, patching, etc., to maintain the integrity and guaranty of the roof.

7. Heating, Ventilating and Air Conditioning. HVAC systems from the point at which Landlord delivers ventilation and cooling to the Premises shall be designed by Tenant and when approved by Landlord shall be installed by Tenant's contractor. Such work shall include but not be limited to additional

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ducts, exposed ducts, exhaust fans, make-up air systems, unit heaters, control devices, etc.

8. Gas Connections. All gas connections and gas meters within the Premises and to the meter bank shall be designed by Tenant and, when approved by Landlord, shall be installed by Tenant.

9. Water, Sewer, Vents. All water, sewer and venting facilities within the Premises and extensions to Landlord's main facilities shall be designed by Tenant and when approved by Landlord shall be installed by Tenant. Tenant shall provide and install a water meter at Tenant's expense.

10. Telephone Equipment. All telephone equipment and conduit within the Premises shall be designed by Tenant and, when approved by Landlord, shall be installed by Tenant.

11. Special Equipment. All mechanical equipment, elevators (passenger and freight), escalators, conveyers or other equipment related to the operation of the Tenant, located within the Premises shall be designed by Tenant, and when approved by Landlord, shall be installed by Tenant. Landlord will, at Tenant's cost, provide the necessary structural revisions to accommodate the special equipment. (See IV.B.1).

12. Safety Equipment. Installation of all required safety and emergency equipment, including emergency lighting, exit lights, exit hardware, fire extinguishers and any other items required by code or any governmental body shall be designed by Tenant and when approved by Landlord shall be installed by Tenant.

13. Handicapped Facilities. Tenant shall install all equipment for aiding the handicapped, as required by any governmental body.

14. Storefront. Landlord's Use. Landlord shall have the right, at its option, to take small portions of each end of Tenant's storefront for use as a neutral strip service facility, or other noncommercial use. The maximum taking at each end of the storefront will be two (2) feet in width and two (2) feet in depth, and may extend the full height of the storefront. Landlord shall be responsible for finishing such areas, but such taking shall not reduce any rents, fees or charges

mentioned in this Lease. Landlord shall notify Tenant of such taking not later than the date of delivery of the Design Package unless such taking is made necessary by subsequent action of law or any governmental body.

15. Temporary Utilities. Tenant agrees to pay for utilities used or consumed in or supplied to the Premises prior to opening for business. Tenant and its contractors shall make arrangements for the supply of utilities with the utility company and shall promptly pay for the same.

16. Signs. The design and location of all signs, either for the interior or the exterior of the Premises, shall be subject to prior approval by Landlord and in conformity with criteria set forth in the Design Package. Tenant shall submit detailed sign drawings to Landlord; and no sign shall be installed until Landlord's written approval has been obtained by Tenant.

17. Show Windows. All show window backgrounds, show window floors and ceilings and show window lighting installations shall be designed by Tenant and, when approved by Landlord, shall be installed by Tenant.

18. Furniture and Fixtures. All furniture and fixtures within the Premises shall be provided by Tenant and, when approved by Landlord, shall be installed by Tenant.

B. WORK DONE FOR TENANT BY LANDLORD, TENANT REIMBURSING LANDLORD FOR THE COST OF SUCH WORK

1. Special Equipment. Landlord will, at Tenant's written request and upon Landlord approval of Tenant's

drawings, provide structural revisions to the building shell as are necessary to accommodate any special equipment to be installed by Tenant pursuant to paragraph IV.A.11.

2. Openings through Roof. In the event the roof is to be penetrated by Tenant's special or electrical equipment or otherwise, the Landlord's roofing contractor will at Tenant's cost provide the

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therefor, all expenses and damages in connection with the removal, replacement and/or repair in a first-class workmanlike manner of any other part of the Tenant's Work

which may be damaged or disturbed thereby. All warranties or guarantees as to materials or workmanship on or with respect to Tenant's Work shall be contained in the contracts and subcontracts for performance of Tenant's Work and shall be written so that they shall inure to the benefit of Landlord and Tenant, as their respective interests may appear, and so that they can be directly enforced by either; and Tenant shall furnish to Landlord any assignment or other assurances necessary to effectuate the intent and purpose of this paragraph.

VI. CONSTRUCTION PROCEDURE:

The following provisions shall apply to Tenant's Work:

A. SCHEDULING

Tenant shall furnish Landlord, prior to the commencement of Tenant's Work, with a detailed work schedule of all work to be performed by Tenant's contractors and subcontractors, as well as the names, addresses and telephone numbers of such contractors and subcontractors. No work which, in the sole opinion of Landlord, causes noise, vibration, odor or dust which unduly interferes with the conduct of business by other tenants of the shopping center or with the enjoyment of the shopping center by it patrons shall be conducted between 10:00 a.m. and 9:00 p.m. No deliveries of building materials, equipment, fixtures or inventory shall be made to the Premises through the atrium of the shopping center between 10:00 a.m. and 9:00 p.m.

B. MECHANICS LIEN POSTING

Tenant shall advise Landlord prior to the commencement of Tenant's Work within the Premises and shall not commence said work until Landlord shall have posted notices of non-liability for mechanics liens on and within the Premises. Violation of this provision shall give Landlord the right to terminate this Lease.

C. QUALITY

Tenant's Work shall be performed in a first-class and workmanlike manner and shall be in good and usable condition at the date of completion thereof.

D. FEES AND PERMITS

Tenant or Tenant's contractor shall pay for all necessary permits

and/or fees required by public authorities and/or utility companies with respect to Tenant's Work.

E. DEBRIS

It shall be Tenant's responsibility to cause each of Tenant's contractors and subcontractors participating in Tenant's Work to remove, haul away from the shopping center and dispose of, at least once a week, all debris and rubbish caused by or resulting from the construction of Tenant's Work. No construction waste, dirt, supplies or machinery and equipment may be placed in areas or space exposed to the public under any circumstances. Upon completion of Tenant's Work, Tenant shall cause its contractors to remove all temporary structures, surplus materials, machinery and equipment, debris and rubbish of whatever kind remaining in the building or within the shopping center, which has been brought in or created by the contractors and subcontractors in the construction of Tenant's Work. If Tenant fails to comply with the foregoing responsibilities, then Landlord may cause the removal of all debris, rubbish, material and equipment, and charge the cost thereof to Tenant, who agrees to pay for the same within ten (10) days after billing.

F. PROTECTION

It shall be the Tenant's responsibility to cause each of Tenant's contractors and subcontractors to maintain continuous protection of adjacent premises in a manner as to prevent any damage to Tenant's Work or adjacent property, improvements and contents by reason of the performance of Tenant's Work. Each contractor and subcontractor shall properly protect Tenant's Work with lights, guard rails and barricades and shall secure all parts of Tenant's Work against accident, storm and any other hazard.

G. COORDINATION OF TENANT'S WORK

Tenant at all times will enforce strict discipline and good order among its employees and contractors hired to perform Tenant's Work. If Tenant's employees, agents or contractors cause any dispute or stoppages among other contractors performing work in the shopping center, Landlord shall have the right to order Tenant to terminate any construction work at any time (i.e. either in the initial construction of the Premises or at any time during the lease term) being performed by or on behalf of Tenant in the Premises. Upon notification from Landlord to Tenant to cease any such work, Tenant shall forthwith remove from the Premises all agents, employees and contractors of Tenant performing such work, until such time as Landlord shall have given its written consent for the resumption of such construction work, and Tenant shall have no claim for damages of any nature whatsoever against Landlord in connection therewith. Tenant shall use, and Tenant shall require its contractors and subcontractors to use, every effort to prevent work stoppages in the Premises or elsewhere in the shopping center, to the extent attributable to work being performed in the Premises, irrespective of the reason for any such stoppage, in recognition of the fact that it is of the utmost importance to Landlord, Tenant and all those occupying space in the shopping center that there be

no interruptions in the progress and completion of the construction work. In any contract or undertaking which Tenant may make or enter into with a contractor or subcontractor for work to be performed in the Premises, provision shall be made for the dismissal from the job for stoppage of work as herein provided. Landlord may assign specific entrances to the shopping center to be used by one, several or all of Tenant's contractors and subcontractors, and Tenant agrees to require strict compliance with the same.

VII. INSURANCE REQUIREMENTS:

A. BUILDERS RISK INSURANCE

At all times during the period between the commencement of construction of Tenant's Work and the opening for business in the Premises, Tenant shall maintain, or cause to be maintained, casualty insurance in Builder's Risk Form, covering Landlord, Landlord's agents, Landlord's Architect, Landlord's contractor or subcontractors (if any), Tenant and Tenant's contractors, as their interest may appear, against loss or damage by fire, vandalism and malicious mischief and other such risks as are customarily covered by the so-called "all risk endorsement" upon all Tenant's Work in place and all materials stored at the site of Tenant's Work and all materials, equipment, supplies and temporary structures of all kinds incident to Tenant's Work and builder's machinery, tools and equipment, all while forming a part of, or contained in, such improvements or temporary structures while on the Premises or when adjacent thereto, while on malls, drives, sidewalks, streets or alleys, all to the full insurable value thereof at all times. Said Builder's Risk Insurance shall contain an express waiver of any right of subrogation by the insurance company against Landlord, its agents, employees and contractors.

B. WORKER'S COMPENSATION

At all times during the period of construction of Tenant's Work, Tenant's contractors and subcontractors shall maintain in effect statutory Worker's Compensation and Occupational Disease Insurance as required by the State of Minnesota.

C. PUBLIC LIABILITY INSURANCE

1. Contractors' Public Liability Insurance. Tenant's contractors and subcontractors shall maintain in effect Comprehensive General Liability Insurance (including Contractor's Protective Liability) in an amount not less than Five Hundred Thousand Dollars ($500,000.00) per person and One Million Dollars ($1,000,000.00) per occurrence whether involving personal injury liability (or death resulting therefrom) or property damage liability or a

combination thereof with a minimum aggregate limit of One Million Dollars ($1,000,000.00). Such insurance shall provide for explosion and collapse coverage and contractual liability coverage and shall insure the general contractor and/or subcontractors against any and all claims for personal injury, including death resulting therefrom, and damage to the property of others and arising from his or her operations in connection with Tenant's Work and whether such operations are performed by the general contractor, subcontractors or any of their subcontractors, or by

anyone directly or indirectly employed by any of them.

2. Tenant's Public Liability Insurance. Within ten (10) days after delivery by Landlord to Tenant of the Design Package (provided under Paragraph I hereof), Tenant shall secure and cause to be maintained in effect at all times thereafter until the termination of this Lease, at Tenant's cost and expense a Comprehensive General Liability Policy, on an occurrence personal injury and property damage basis with limits of not less than One Million Dollars ($1,000,000.00) including Property Damage, Water Damage, and Sprinkler Leakage Liability. The Liability policy shall be on a Comprehensive General and Automobile Liability form and shall include, but not be limited to, coverage for all operations of Tenant with respect to Premises, Tenant's contractor and subcontractors, including automobile coverage (for both owned and non-owned vehicles), contractual liability (provided under Paragraph VIII hereof), completed operations liability and contingent or protective liability.

3. UMBRELLA COVERAGE. In addition, Tenant shall secure and maintain umbrella coverage of at least One Million Dollars ($1,000,000.00) over amounts specified in subparagraphs 1 and 2, above.

D. CANCELLATION

The policies of insurance referred to in this Paragraph VII shall contain the following endorsement: "It is understood and agreed that the coverage of this policy shall not be canceled or modified by the company until the company has mailed written notice, by registered or certified mail, to Landlord stating when (but in no event less than twenty (20) days thereafter) such cancellation or modification in coverage shall be effective."

E. CERTIFICATES

Prior to the commencement of Tenant's Work, Tenant and Tenant's contractor or subcontractors shall provide Landlord with a copy of a Certificate or Memorandum of Insurance showing complete coverage as required under subsection A, B and C of this Paragraph VII

VIII. INDEMNITY:

It is agreed that Tenant assumes the entire responsibility and liability, for any and all injuries or death of any or all persons, including Tenant's contractor and subcontractors, and their respective employees and for any and all damages to property caused by, or resulting from or arising out of any act or omission on the part of the Tenant, Tenant's contractor or subcontractors or their respective employees, in the prosecution of the Tenant's Work and with respect to such work agrees to indemnify and save harmless the Landlord, the fee owner and any ground or underlying ground lessors of the shopping center from and against all losses and/or expenses including reasonable legal fees and expenses, which they may suffer or pay as the result of claims or lawsuits due to, because of, or arising out of any and all such injuries or death and/or damage, whether real or alleged and Tenant and Tenant's contractor and/or subcontractors shall assume and defend at their

own expense all such claims or lawsuits. Tenant agrees to insure this assumed liability in its Comprehensive General Liability Policy and the Certificate of Insurance or copy of the policy that the Tenant will present to Landlord shall so indicate such contractual coverage.

IX. TEMPORARY STORE FRONT:

Tenant shall erect and install, at its own cost and expense, a temporary decorative and noncombustible storefront enclosure in accordance with Landlord's standard design and color criteria, until the Premises are completely enclosed by the permanent storefront. Tenant's storefront shall not extend beyond the lease line during the period commencing November 1 and ending December 25, it being the desire of the parties not to impair visibility of adjacent premises during the pre-Christmas holiday selling period.

X. STOPPAGE OF TENANT'S WORK:

If Tenant's Work in the Premises is not completed during pre-Christmas and/or pre-Easter holiday selling periods and Tenant's Work creates noise, vibrations or odors, Landlord shall have the right to order Tenant to terminate any and all construction work being performed by or on behalf of Tenant in the Premises and/or the shopping center. Upon notification from Landlord to Tenant to cease any such work, Tenant shall forthwith remove from the Premises all agents, employees and contractors of Tenant performing such work and Tenant shall have no claim for damages of any nature whatsoever against Landlord in connection therewith. Landlord

shall have the right to establish rules and regulations for all work under this Paragraph, and Tenant agrees to enforce the same.

XI. COMMENCEMENT OF TENANT'S WORK:

Following Landlord's approval of Tenant's working drawings Tenant agrees to employ contractors and subcontractors to perform Tenant's Work in accordance with the said approved working drawings Tenant's Work will be commenced promptly after Landlord's approval of Tenant's working drawings.

XII. COMPLETION OF TENANT'S WORK:

Within a period of ninety (90) days after the Design Package is sent to Tenant, or by the Commencement Date otherwise specified in the Lease, whichever is earlier, Tenant shall cause its contractors and subcontractors to complete Tenant's Work in the premises, and Tenant shall cause its trade fixtures and merchandise to be installed and stocked in the Premises and be ready to open for business.

XIII. DELAY:

Tenant agrees that the respective time periods hereinabove set forth for the submission and/or revision or correction of Tenant's plans and the commencement and the completion of Tenant's Work shall be of the essence of this Lease. If Tenant fails or omits to make timely submission to Landlord of any plans or specifications or unreasonably delays in submitting or supplying information concerning the revision and/or correction thereof or in commencing to perform or performing or completing Tenant's Work, Landlord may in addition to any other right or remedy it may have, give Tenant at least ten (10) days' written notice that if a specified failure, omission or delay is not cured by the date therein stated, this Lease be deemed canceled and terminated. If such notice shall not be complied with, this Lease shall, on the date stated in such notice, automatically be canceled and terminated, without prejudice to

Landlord's other rights under this Lease or pursuant to law.

XIV. SECURITY FOR TENANT'S WORK:

Landlord may require Tenant, before entering on the Premises for any purpose, or at any time before the completion of Tenant's Work, to give Landlord proof reasonably satisfactory to Landlord, of Tenant's financial ability to complete and fully pay for Tenant's Work prior to opening for business and in addition thereto, Landlord may require Tenant (a) to furnish to Landlord a payment and performance bond in an amount satisfactory to Landlord written by a surety company licensed and authorized to issue such bonds in Minnesota, guaranteeing the payment and performance of Tenant's work free of mechanic's or other liens, or (b) to deposit in escrow with Landlord an amount equal to one hundred percent

(100%) of the estimated sum required to complete Tenant's Work. Landlord shall release portions of such escrow deposit to pay bills as Tenant's Work progresses, providing however, for a fifteen percent (15%) retention until Tenant's full compliance with the requirements of this Exhibit C. Should Tenant fully comply with the requirements of this Exhibit C, said deposit shall be returned to Tenant, less any portion thereof which may have been applied to compensate Landlord for any loss or damages sustained by Landlord due to any breach on the part of Tenant.

XV. REQUIREMENTS UPON COMPLETION:

Upon the completion of Tenant's Work but in no event later than thirty (30) days after completion of the Premises, Tenant shall deliver to Landlord and/or comply with the following: (1) Tenant's affidavit stating that Tenant's Work has been substantially completed in compliance with Exhibit C and Tenant's approved working drawings, and which affidavit shall include a reasonably itemized general breakdown of Tenant's final and total construction costs, together with proof, reasonably satisfactory to Landlord, of payment thereof; and a statement, if such be the case, that no security interests under the Uniform Commercial Code or chattel mortgages are outstanding or have been filed. Such affidavit may be relied upon by Landlord, it being understood that any deliberate misstatement by Tenant therein shall constitute an Event of Default hereunder; (2) an affidavit of the general contractor or contractors performing Tenant's Work stating that Tenant's Work has been fully completed in compliance with Exhibit C and Tenant's approved working drawings (plans) and specifications and that all subcontractors, laborers and material suppliers, who supplied labor and/or material for Tenant's Work (whose names and addresses shall be recited in the affidavit) have been paid in full; and proof that all liens therefor have been waived or, if filed, have been discharged of record; (3) complete releases and waivers of liens with respect to the Premises and shopping center, executed by said contractor or subcontractors supplying labor and/or materials for Tenant's Work; (4) the written certification by Tenant's architect that Tenant has fully completed all of Tenant's Work in compliance with this Exhibit C; (5) reimbursed Landlord for the cost of any of Tenant's Work done for or on behalf of Tenant, as set forth in Exhibit C or otherwise; (6) all certificates and approvals with respect to Tenant's Work that may be required by any governmental authorities as a condition for the issuance of a Certificate of Occupancy for the Premises; (7) the estoppel certificate referred to and mentioned in Article III of this Lease; and (8) copies of approved manufacturer's literature or catalogue relating to equipment and machinery installed by Tenant within the Premises (including heating, ventilating and air conditioning equipment).

XVI. INSPECTION:

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Landlord or Landlord's representative shall, during the course of construction and after completion of construction of the Premises, have the right to inspect the Premises to verify completion in accordance with the approved working drawings (plans) and specifications.

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EXHIBIT E
GUARANTY

In consideration of, and as an inducement for the granting, execution and delivery of a certain Lease dated _____, 199_ (herein the "Lease"), by Calhoun Square Associates Limited Partnership, the Landlord therein named, to Dave's BAR-B-QUE & Blues, Inc. (herein the "Tenant"), the undersigned (herein the "Guarantor"), hereby guarantees to Landlord, its successors and assigns, the full and prompt payment of Rent (including Minimum Rent, Percentage Rent and Additional Rent, as defined in the Lease), and any and all other sums and charges payable by Tenant, its successors and assigns, under the Lease, and hereby further guarantees the full and timely performance and observance of all the covenants, terms, conditions and agreements of the Lease to be performed and observed by Tenant, its successors and assigns; and Guarantor hereby covenants and agrees to and with Landlord, its successors and assigns, that if default shall at any time be made by Tenant, its successors and assigns in the payment of Rent, or if Tenant should default in the performance and observance of any of the terms, covenants, provisions or conditions contained in this Lease, Guarantor shall and will forthwith pay such Rent to Landlord, its successors and assigns, and any arrears thereof, and shall and will forthwith faithfully perform and fulfill all of such terms, covenants, conditions and provisions, and will forthwith pay to Landlord all damages that may arise in consequence of any default by Tenant, its successors and assigns, under the Lease, including without limitation, all reasonable attorneys' fees and disbursements incurred by Landlord or caused by any such default and/or by the enforcement of this Guaranty.

The foregoing notwithstanding, Guarantor shall not be liable for any defaults by Tenant which occur or arise after the date which is five (5) years after the Commencement Date of the Lease. Guarantor shall, in any event, be liable for all costs, disbursements and reasonable attorneys' fees incurred by Landlord with respect to or arising out of the enforcement of this Guaranty.

THIS GUARANTY IS AN ABSOLUTE AND UNCONDITIONAL GUARANTY OF PAYMENT AND PERFORMANCE. It shall be enforceable against Guarantor, its successors and assigns, without the necessity for any suit or proceedings on Landlord's part of any kind or nature whatsoever against Tenant, its successors and assigns, and without the necessity of notice of non-payment, non-performance or non-observance or of any notice of acceptance of this Guaranty or of any other notice or demand to which Guarantor might otherwise be entitled, all of which the Guarantor hereby expressly waives, and Guarantor hereby expressly agrees that the validity of this Guaranty and the obligations of the Guarantor hereunder shall not be terminated, affected, diminished or impaired by reason of the assertion or the failure to assert by Landlord against Tenant, or

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against Tenant's successors or assigns, of any of the rights or remedies reserved to Landlord pursuant to the provisions of the Lease.

This Guaranty shall be a continuing Guaranty and the liability of Guarantor hereunder shall in no way be affected, modified of diminished by reason of any modification or extension of the Lease or by reason of any modification or waiver of or change in any of the terms, covenants, conditions or provisions of the Lease by Landlord and Tenant, or by reason of any extension of time that may be granted by Landlord and Tenant, its successors and assigns, or by reason of any dealing or transactions or matter or thing occurring between Landlord and Tenant, its successors and assigns, or by reason of any bankruptcy, insolvency, reorganization, arrangement, assignment for the benefit of creditors, receivership or trusteeship affecting Tenant, whether or not notice thereof or of any thereof is given to Guarantor.

Guarantor warrants and represents to Landlord that it has the legal right and capacity to execute this Guaranty.

All of the Landlord's rights and remedies under the Lease or under this guaranty are intended to be distinct, separate and cumulative, and no such right or remedy therein or herein mentioned is intended to be in exclusion of or a waiver of any other right or remedy available to Landlord.

As used herein, the term "successors and assigns" shall be deemed to include the heirs and legal representatives of Tenant and Guarantor, as the case may be.

This Guaranty shall be governed by and construed in accordance with the laws of the State of Minnesota.

Guarantor agrees that within 10 days after any request therefor by Landlord, Guarantor will execute, acknowledge and deliver to Landlord or to any proposed purchaser of the shopping center or any proposed lender designated by Landlord, a written statement certifying that this Guaranty is unmodified (or stating any such modifications) and in full force and effect and that Guarantor has no defenses or offsets against the enforcement of this Guaranty.

IN WITNESS WHEREOF, the Guarantor has executed this ____ day of _____ 19__.

_____
David Anderson, Guarantor

STATE OF MINNESOTA)
)ss.

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COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this day _____ of _____, 19__ by _____.

_____
Notary Public

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EXHIBIT F
TO LEASE BETWEEN
CALHOUN SQUARE ASSOCIATES LIMITED PARTNERSHIP
AND LAKE & HENNEPIN BBQ AND BLUES, INC.

SECTION 1. Article II, Section 1 is amended by adding the words "and green" following the word "red" in the third line thereof; and is further amended by deleting the fifth sentence: "Landlord shall be entitled to permit other tenants, utility companies and others to exercise such rights" and by inserting in lieu thereof the following sentence: "Landlord shall be entitled to permit utility companies and Landlord's agents and employees to exercise such rights. Landlord and anyone else exercising such rights shall use reasonable efforts to avoid diminishment of the usable space of the Premises or unreasonable interference with Tenant's use and enjoyment of the Premises. Landlord shall expeditiously repair at its expense any affected areas. When economically reasonable, structurally feasible and necessary to avoid significant, detrimental impact to the appearance of the Premises, such pipes, ducts, conduits, vents and wires shall be installed and concealed behind the walls, columns and ceilings. Except in the case of emergencies, Landlord shall give reasonable prior notice of any entry into the Premises (whether pursuant to Article II or any other provision of the Lease, notwithstanding any provision to the contrary herein or therein) and enter the Premises only at reasonable times.

SECTION 2. Article II, Section 1 is further amended by adding at the end thereof the following:

> No such change shall materially and adversely affect access to or visibility of the Premises nor result in the closing of the shopping center exterior doors located adjacent to the Premises nor in the relocation of the parking ramp.

SECTION 3. Article II, Section 3 is amended by adding after the first sentence thereof the following:

> Nothing herein shall be deemed to authorize Landlord to shift the location of the Premises without the consent of Tenant.

SECTION 4. Article II, Section 3 is further amended by deleting the last sentence thereof and inserting the following:

> The area of the patio and any storage areas separately leased to Tenant shall be excluded in any calculation of the gross leasable area of the Premises. The area of the Farmers Market Area shall be included in calculating the gross leasable area of the Premises.

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SECTION 5. Article II is amended by adding a new Section 5 thereto reading as

follows:

SECTION 5. If at any time during the term or extended term of the Lease, storage space in the basement of the shopping center becomes available for lease, and Tenant has previously notified Landlord of its desire to lease basement storage space, Tenant shall have the option to lease said space at the then current market rate as determined by Landlord; provided, however, that Tenant's right to lease any such space is subject to the rights of other tenants granted previous to the date of this Lease. Tenant is granted the further option, exercisable by notice to Landlord given within sixty days of the date hereof, to construct storage areas in either or both of the locations outlined in blue on attached Exhibit B. Any such storage areas shall be improved only after Landlord has approved the plans and specifications therefore. Rent for any such storage space within the present exterior walls of the shopping center shall be payable from and after the earlier of August 1, 1996 or the date on which Tenant first uses said space. Through December 31, 1996 the gross rental rate shall be $6.50 per square foot of rentable area. On January 1, 1997 and on each January 1 thereafter during the term, rent shall be adjusted to reflect any change in the Price Index as defined in Article XXXIV, Section 15. No rent shall be payable for any storage space built by Tenant and located outside of the present exterior walls of the shopping center. The term of any storage lease entered into pursuant to these options shall be coterminous with the term of the Lease for the Premises. A default in Tenant's performance of the terms and conditions of any lease for storage space shall also be an "event of default" within the meaning of Article XXIV of this Lease entitling Landlord to exercise its remedies as provided in said Article as to the Premises and as to the storage space. Any storage space leased shall be delivered in "AS IS" condition. Landlord's standard storage space lease reflecting the foregoing terms shall be executed by the parties.

SECTION 6. Article II is further amended by adding a new Section 6 thereto reading as follows:

SECTION 6. Tenant covenants and agrees that the total capitalized costs of the project determined in accordance with generally accepted accounting principles (but excluding pre-opening expenses in excess of $50,000, and consulting, development or similar fees paid or payable to Tenant, or to David Anderson or to entities affiliated or related to either of them) shall be not less than $700,000. Tenant shall provide Landlord promptly after substantial completion of the tenant improvements with paid invoices, mechanics' lien waivers or other evidence reasonably acceptable to Landlord of the project costs showing that Tenant has performed its

obligations under this Section 6. Tenant shall have the right to enclose the Farmers Market Area (outlined in green on attached Exhibit B). All such work shall be done at Tenant's sole expense pursuant to plans and specifications approved by Landlord in writing prior to the commencement of construction.

SECTION 7. Article II is further amended by adding a new Section 7 thereto reading as follows:

SECTION 7. Landlord represents to Tenant that it is the fee owner or ground lessee of the property described in Exhibit A to the Lease, that to the best of its knowledge, its ownership is subject to the

encumbrances described on Exhibit A-1 to the Lease and that the shopping center and the parking ramp, as they presently exist, are located on the property described on Exhibit A.

SECTION 8. Article III is amended by adding a new Section 3 thereto reading as follows:

SECTION 3. The term of this Lease may be extended for two (2) additional terms of five (5) years each if Tenant effectively exercises its option to do so in the manner hereinafter set forth. Such additional terms shall be on the same covenants, agreements and conditions contained in this Lease for the original term except that (1) if Tenant fails to effectively exercise its first option to extend the term Tenant shall have no second option, (2) Tenant shall have no options to further extend the term, and (3) the annual minimum rent and percentage rent payable during the option periods shall be calculated as set forth in Article I, paragraphs 4 and 5. If Tenant gives Landlord written notice of Tenant's election to extend the term of this Lease not later than one hundred eighty (180) days prior to the expiration of the initial term of this Lease, or prior to the expiration of the first five-year extended term, as the case may be, and if Tenant is not in default in the performance or observance of any covenant, agreement or condition of this Lease at the time such notice is given or on the expiration date of the relevant term of the Lease, the term of this Lease shall have been effectively extended by Tenant for the first or second additional five-year period.

SECTION 9. Article III is amended by adding a new Section 4 thereto reading as follows:

SECTION 4. Tenant shall be permitted to enter the Premises to begin its tenant's improvements on the date on which Landlord has finally approved Tenant's working drawings, the contingency set forth in Exhibit F, Section 67(b) as to a nondisturbance agreement has either been satisfied by Landlord or waived by Tenant, and the contingency set forth in Exhibit

F, Section 67(c) as to the ground lease has either been satisfied or waived by Tenant. Tenant's occupancy of the Premises between the date of entry and the Commencement Date shall be upon all of the terms and conditions of the Lease, except that Tenant's only occupancy costs shall be as provided in Exhibit C with respect to temporary utilities.

SECTION 10. Article IV, Section 2 is deleted and the following is substituted in lieu thereof:

Except as expressly provided in Article I, paragraphs 4 and 5, and in Exhibit F, Section 13, Tenant waives and disclaims any present or future right to apply any liability or obligation of Landlord, however incurred, as a set-off or other reduction against any payment or part payment of rent (including minimum rent, percentage rent and additional rent) due from Tenant hereunder unless and until such liability or obligation of Landlord to Tenant has been established by a judgment rendered by a court of competent jurisdiction with all rights of appeal or review having been waived or expired.

SECTION 11. Article V, Section 1 is amended by replacing the phrase "February 1" with the phrase "June 1" and by replacing the phrase "January 31" with the phrase "May 30." The last sentence of the first grammatical paragraph of said Section 1 is amended by adding at the end thereof the phrase, "except as

expressly provided in Article I, paragraph 5."

SECTION 12. Article V, Section 1 is further amended by deleting the second grammatical paragraph and inserting in lieu thereof the following:

> Percentage rent, if any, for the fiscal year ending May 30, 1997 shall be due and payable in full on or before June 30, 1997. Thereafter, percentage rent shall be determined and payable quarterly on or before the fifteenth (15th) day following the close of each such quarterly period during the term based on year-to-date gross sales for the fiscal year in which the quarter occurs. Quarters end on August 31, November 30, February 28 (or 29) and May 30. The "annual breakpoint" for each full fiscal year during the first ten years of the term is $2,520,000. The "annual breakpoint" for the next five years of the term is $3,360,000. The "annual breakpoint" for the first five year extended term is $3,640,000. The "annual breakpoint" for the second five year extended term is $4,200,000. The first quarterly payment shall be five percent (5%) of the amount by which Tenant's gross sales for the first quarter exceed one-quarter of the relevant annual breakpoint. The second quarterly payment shall be five percent (5%) of the amount by which Tenant's gross sales for the first two quarters exceed one-half of the relevant annual breakpoint. The third quarterly payment shall be five percent

> (5%) of the amount by which Tenant's gross sales for the first three quarters exceed three-fourths of the relevant annual breakpoint. The fourth quarterly payment shall be five percent (5%) of the amount by which Tenant's gross sales for the year exceed the relevant annual breakpoint. The percentage rent credit provided for in Article I, paragraph 5 for each of the first five full fiscal years shall be taken against the first payments of percentage rent due hereunder. Further, if at the end of any such fiscal year the credit taken by Tenant in preceding quarters exceeds the amount of credit for which Tenant is eligible for the year, then Tenant shall, not later that fifteen (15) days after the end of the fiscal year, pay to Landlord the amount of the excess. If, at the end of any Fiscal Year, the total amount of estimated percentage rent paid by Tenant exceeds the total amount of percentage rent required to be paid by Tenant for the said Fiscal Year, Tenant shall, notwithstanding any provision in this Lease to the contrary, have the right to off-set such excess against the next payments of rent due hereunder. Any excess estimated percentage rental paid during the last Fiscal Year of the lease term will be refunded to Tenant as soon as the amount of such excess is ascertained. If, at the end of any Fiscal Year, the total amount of estimated percentage rent required to be paid by Tenant is less than the total amount of percentage rent required to be paid by Tenant for said Fiscal Year, the balance shall be due and payable in full thirty (30) days after the end of said Fiscal Year.

SECTION 13. Article V, Section 2 is amended by deleting the words "without reserve or deduction for inability or failure to collect" from the fifth line thereof, and by inserting after the sentence that ends "to shippers or manufacturers" the following:

> In addition to the above, the following will specifically be excluded from Gross Sales for purposes of computing Percentage Rent: (i) Sales to employees of Tenant at a discount, to the extent said sales do not exceed two percent (2%) of annual Gross Sales; (ii) sales of merchandise bearing Tenant's trade name or logo to the extent said sales do not exceed $200,000; (iii) the amount of any sale paid for by

check or credit card where the check is uncollectible or the credit card charge is not paid by the card issuer; (iv) proceeds from the sale of pre-recorded music by artists appearing live at the Premises and of merchandise such as t-shirts and hats related to such artists; and (v) cover charges and event fees collected by Tenant in connection with live entertainment at the Premises. Notwithstanding the foregoing, the full retail price of any food, beverage, pre-recorded music and merchandise provided without charge to persons in consideration of the payment of a cover charge or event fee, or the value of any discount on the purchase of the same given in consideration of the payment of a cover charge or event fee shall be included in gross

sales. To the extent Tenant earns a "profit" from the activities described in subparagraphs (iv) and (v) above, such "profit" shall be included in gross sales. For purposes of the foregoing, "profit" shall mean the proceeds, charges and fees described in subparagraphs (iv) and (v) above, less the following costs and expenses incurred by Tenant and reasonably attributable to the performance of live music or sale of prerecorded music and merchandise: (1) direct costs of prerecorded music and t-shirts, hats and music-related merchandise; (2) direct costs of live performance including contract and payments for services, wages, fringe benefits, payroll taxes and insurance; (3) costs and expenses of promoting live music performance including, but not limited to, print and electronic media advertising; (4) insurance; (5) security; (6) administration of live music performance; (7) licenses; and (8) other directly related costs and expenses.

Article V, Section 2 is further amended by deleting the last sentence thereof.

SECTION 14. Article V, Section 3 is amended by deleting the word "accurate" from the third line, by inserting following the phrase "books and records" in said third line the phrase "maintained in accordance with generally accepted accounting principles," and by inserting after the words "reasonable times" in the last line thereof the words "after notice to Tenant."

SECTION 15. Article V, Section 3 is amended by deleting the phrases "and gross income tax reports" and "state gross income tax reports,".

SECTION 16. Article V, Section 4 is amended by deleting the words "entire business affairs and" from the second sentence thereof. The second to the last sentence of Article V, Section 4 is amended by deleting the words "two percent (2%)" and inserting in lieu thereof the words "three percent (3%)" and by inserting the word "reasonable" before the words "cost of said audit."

SECTION 17. Notwithstanding the provisions of Article V, Section 4 to the contrary, Landlord shall be permitted to terminate the Lease on account of under-reported sales only if two such audits in any five-year period disclose a liability for percentage rent to the extent of three percent (3%) or more in excess of the percentage rentals therefor computed and paid for by Tenant.

SECTION 18. Article VI is amended by deleting the words "by a certified public accountant" in the second sentence and inserting in lieu thereof the words, "by Tenant if Tenant is an individual, by the chief financial officer of Tenant if Tenant is a corporation or by a general partner of Tenant if Tenant is a partnership."

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SECTION 19. Article VII, Section 2 is amended by adding after the words "If Tenant shall fail" in the first line the words "on three or more occasions during any lease year" and by adding after the words "Tenant shall" in the second line the words "on the third and any subsequent occasions during such lease year."

SECTION 20. Article VIII, Section 1 is amended by adding at the end thereof the following:

> All equipment and fixtures in the Premises as of the date hereof may be used or disposed of by Tenant in its discretion.

SECTION 21. Article VIII, Section 2 is amended by deleting said Section in its entirety and inserting a new Section 2 in lieu thereof as follows:

> Tenant's contractors, subcontractors and material suppliers shall be subject to Landlord's prior approval. All tenant improvements done in the Premises shall be performed by professional contractors. Contractor's and any subcontractors' workers shall work in harmony with workers of other contractors at the Shopping Center. In the event of any actual or threatened picketing of the Shopping Center related in any way to the performance of Tenant's Work, Landlord shall have the right to require Tenant's contractor's and subcontractors' workers to immediately stop construction and leave the Premises and the Shopping Center. In the event Tenant's contractor's and subcontractors' workers are required to leave the Premises pursuant to the operation of this Section, Tenant shall not receive any extension of time in which Tenant's Work is required to be completed.

SECTION 22. Article IX, Section 1 is hereby deleted and the following is substituted in lieu thereof:

> The Premises may be used and occupied by Tenant solely under Tenant's trade name and solely for the purposes specified in Article I, paragraph 3 hereof. Tenant shall not use or permit the Premises to be used to any other purpose or purposes or under any other trade name without the prior written consent of Landlord. Tenant shall at all times operate in and promote the Premises as a first quality restaurant and, if a license can be secured, bar. Tenant agrees to utilize the Premises during the entire term of the Lease and any extensions thereof in such a manner as will produce the maximum amount of percentage rent from the Premises Tenant shall promptly comply with all laws (including the Americans with Disabilities Act), ordinances, governmental orders and regulations, and all insurance company requirements affecting the Premises and the cleanliness, safety, use and occupation thereof. Tenant covenants, agrees and represents that of Tenant's gross sales (as defined in Article V, Section 1) attributable to food and

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> liquor in any fiscal year at least sixty percent (60%) will consist of food sales and that no more than forty percent (40%) will consist of liquor sales. Tenant agrees to provide Landlord with a breakdown of its gross sales between food sales and liquor sales as part of its monthly sales reports submitted pursuant to Article VI of the Lease.

Monthly statements shall also contain a "year-to-date" breakdown of sales between food and liquor sales. Such breakdown shall also be certified in the manner required with respect to Tenant's monthly statement of gross sales pursuant to Article VI of the Lease. Tenant shall also provide Landlord with a copy of Tenant's annual liquor license renewal application at the time such application is filed with the City of Minneapolis.

SECTION 23. Article IX, Section 2 is amended by adding at the end thereof the following:

Notwithstanding the foregoing and provided Tenant is not in default of its obligations under the Lease beyond applicable cure periods, Landlord shall not enter into a lease wherein the tenant is permitted to operate as its principal business in the shopping center a full-service restaurant and bar specializing in the sale of bar-b-que meat and/or poultry.

SECTION 24. Article IX, Section 3 is amended by inserting at the end thereof the following:

Notwithstanding the foregoing, Landlord consents to the presentation of live, amplified music in the Premises and agrees that Tenant will not be deemed to be in default of the Lease provided that Tenant strictly complies with all ordinances, rules and regulations of the City of Minneapolis having to do with the presentation of live music or having to do with noise, sound or nuisance, that live music be presented only after 9:00 p.m., that the sound not be transmitted or broadcast to the adjacent patio and that doors leading to the patio will not be propped open while live music is being presented. Nothing herein or elsewhere in the Lease shall be deemed to require Tenant to present live music in the Premises at any time.

SECTION 25. Article X, Section 2 is amended by inserting at the beginning thereof the following:

Landlord has constructed a parking ramp which serves the shopping center. Landlord agrees that during the lease term it will not by its own intentional act reduce the parking capacity serving the shopping center to less than the capacity to park 325 cars.

Article X, Section 2 is further amended by deleting the second sentence thereof. Article X, Section 2 is further amended by adding at the end thereof the following:

Tenant shall take reasonable steps to discourage employee parking in the parking ramp, particularly during holiday shopping seasons, at Landlord's request.

Tenant shall be permitted to purchase four monthly parking permits for the Calhoun Square parking ramp at the rates from time to time charged by Landlord to the public. Tenant shall not, however, have a designated or reserved space in the parking ramp.

Landlord agrees to install signs on the four (4) metered parking spaces located along Girard Avenue immediately behind the shopping center and located closest to the Premises which signs shall indicate that such parking spaces are for the use of Tenant's "take-out" customers only between the hours of 5:00 p.m. and 11:00 p.m. daily and which designate a 15-minute time limit for their use. The design and

text of such signs must be approved in advance by Landlord and prepared by Tenant. Users of the spaces shall pay the then-current parking meter rates. Landlord shall have no obligation to monitor or control the use of such parking spaces.

SECTION 26. Article X, Section 3 is amended by adding at the end of the second sentence thereof, ", provided, however, that Landlord shall endeavor to manage, operate and maintain the shopping center in a manner which is consistent with other first class shopping centers in the Twin Cities metropolitan area. Landlord, and not Tenant, shall be responsible for the compliance of the common areas of the shopping center with the provisions of the Americans with Disabilities Act."

SECTION 27. Article X, Section 4 is amended by adding at the end thereof the following:

Tenant shall have the right to examine and/or audit Landlord's books and records in connection with expenses of which Tenant is required to pay its proportionate share as provided in this Section 4. Any such examination or audit shall be conducted at Landlord's offices at Tenant's sole cost and expense during reasonable business hours and without unreasonable frequency.

SECTION 28. Article XI, Section 1 is amended by deleting the phrase "or by reason of anyone illegally entering in or upon the Premises," from the third sentence thereof.

SECTION 29. Article XI, Section 2 is amended by adding at the end of the first sentence the words "exclusively serving the Premises" and by adding after the first sentence thereof the following:

Without limiting the foregoing obligations of Tenant, Tenant shall enter into one or more agreements, the form and substance of which shall be subject to Landlord's reasonable approval, for the regular preventative maintenance of the heating, ventilating (including cooking ventilation), gas and sewage systems and/or equipment serving the Premises. Such agreement(s) shall provide for inspection and maintenance by contractor(s) approved by Landlord at least once each calendar quarter, or more frequently if necessary to comply with the recommendations of manufacturers or installers of such systems and equipment. Tenant shall, if requested by Landlord, submit to Landlord at least once each calendar quarter evidence of the completion of the inspection and any maintenance required hereby or recommended by the inspecting contractor(s). Landlord reserves the right to inspect or retain a consultant to inspect the Premises at reasonable times to insure that the same are operated and maintained in accordance with applicable codes, to verify that all safety equipment is operating properly, and to verify that the requirements of this Article are being met.

Article XI, Section 2 is further amended by deleting the phrase "five (5) consecutive days" and inserting in lieu thereof the phrase "fifteen (15) consecutive days."

SECTION 30. Article XI, Section 3 is amended by adding the words "of the Premises" following the words "structural portions."

SECTION 31. Article XII, Section 1 is amended by adding at the end thereof the following:

Notwithstanding the foregoing, Tenant shall be entitled to one listing on each shopping center directory. Subject to receipt of Landlord's

prior written approval as to content, materials, and method of installation and to compliance with all applicable ordinances and regulations, Tenant shall have: (a) the exclusive right to place signage in the location depicted in Exhibit G-1, in the area (but at a somewhat lower elevation as reasonably determined by Landlord) depicted in Exhibit G-2, in the third floor window immediately below the "Calhoun Square" sign and in the two windows immediately adjacent to and on either side of such window as depicted in Exhibit G-3; (b) the exclusive right to place a sign below the second floor windows and above the shopping center entrance at the intersection of Hennepin and Lake as depicted in Exhibit G-3; and (c) the non-exclusive right to signage at the locations depicted in Exhibit G-4, G-5, G-6, G-7, G-8 and G-9 as part of a coordinated sign program developed by Landlord. In the event Tenant installs signs as described in subparagraph (c) above, before Landlord has finalized its coordinated sign program, and if Tenant's signs are removed within two (2) years of the Commencement Date such that Landlord can effectuate the coordinated sign program, then Landlord shall

reimburse Tenant's cost of the signs so removed. If as part of Landlord's coordinated sign program, Tenant shares sign locations with other tenants, Tenant's contribution to the cost of the shared sign(s) shall be pro-rata based upon the total number of tenants on the shared sign(s).

SECTION 32. Article XII, Section 2 is amended by deleting from the first sentence thereof the phrase "or make any contract therefore".

SECTION 33. Article XIII, Section 1 is amended by adding at the end thereof the following: Water, gas and electricity are separately metered at the Premises, and Tenant's HVAC system is designed to serve only the Premises.

SECTION 34. Article XIII, Section 3 is amended by adding at the end thereof the following:

Notwithstanding the foregoing, in the event that the furnishing of utilities or other services to the Premises is materially and substantially interrupted such that Tenant cannot conduct its business in the Premises and such interruption is caused by Landlord rather than by any supplier of utilities or services or any cause beyond Landlord's reasonable control and such interruption continues for a period in excess of five (5) consecutive days, then, thereafter, Tenant's annual minimum rent shall be abated for the remaining period of time such service is materially and substantially interfered with.

SECTION 35. Article XIV, Section 1 is amended by adding at the end of the first grammatical paragraph thereof the following:

Tenant shall not be liable for all or part of any interest or penalty assessed on account of Landlord's failure to timely pay taxes and assessments. Landlord shall take reasonable steps to assure that the assessment of the shopping center is fair, just and equitable.

SECTION 36. Article XIV, Section 2 is amended by adding at the end thereof the following:

As of the date hereof, no rental taxes are paid or payable by Landlord with respect to the shopping center.

SECTION 37. Article XV, Section 1 is amended by deleting the second

grammatical paragraph thereof and the following is inserted in lieu thereof:

> For so long at Tenant is licensed to present and does present live blues entertainment at least two evenings per week in the Premises, Tenant shall not be required to make contributions to any Promotional Fund established by Landlord for the

> shopping center. Otherwise, as Tenant's contribution toward the advertising, promotion, public relations and administrative expenses relating to the promotion of the shopping center for each lease year of the lease term and any extended term, Tenant shall pay to Landlord $0.75 per square foot of gross leasable area of the Premises, prorated on a per diem basis in the case of a partial lease year, which sum shall be payable in equal monthly installments in advance on the first day of each calendar month of the lease term; provided that if the Commencement Date of the lease is on a day other than the first day of a calendar month, the first monthly installment shall be payable on the Commencement Date and all subsequent payments shall be payable on the first day of each calendar month of the lease term. The failure of any other tenant to contribute to the Promotional Fund shall not affect Tenant's obligations hereunder. On January 1, 1997 and on each January 1 thereafter Tenant's contribution per square foot of leasable area of the Premises shall be adjusted to an amount derived by multiplying $0.75 by a fraction, the numerator of which is the "price index" (as defined in Article XXXIV, Section 15) as of the date of the adjustment and the denominator of which is the price index for January, 1996

SECTION 38. Article XV, Sections 2, and 3 are deleted in their entirety.

SECTION 39. Article XV, Section 4 is amended by adding at the end thereof the following:

> Notwithstanding the foregoing or any provision of this Lease to the contrary, Tenant shall not be required to pay dues or other amounts, however characterized, to any Merchant's Association formed by Landlord.

SECTION 40. Article XV, Section 5 is amended by adding after the first sentence thereof the following:

> Landlord shall endeavor to give Tenant reasonable notice of any name change, but Landlord's failure to do so shall not be a default on the part of the Landlord under the terms of this Lease.

SECTION 41. Article XVI, Section 1 is hereby deleted and the following is inserted in lieu thereof:

> Tenant shall indemnify and hold Landlord harmless against and from liability and claims of any kind for loss or damage to property of Tenant or any other person, except for willful misconduct or negligence of Landlord, its agents, contractors, and employees, or for any injury to or death of any person, arising out of: (a) Tenant's use and occupancy of the Premises, or any work, activity or other things allowed by

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Tenant to be done in or about the Premises; (b) any breach or default by Tenant of any of Tenant's obligations under this Lease; or (c) any negligent or otherwise tortious act or omission of Tenant, its agents, employees, invitees or contractors. Tenant shall at Tenant's expense, and by counsel satisfactory to Landlord and Tenant, defend Landlord in any action arising from any such claim and shall indemnify Landlord against all costs, attorneys' fees, expert witness fees and any other expenses incurred in such action. As a material part of the consideration for Landlord's execution of this Lease, Tenant hereby assumes all risk of damage or injury to any person or property in or about the Premises from any cause, including, without limitation, from environmental contamination from any source whatsoever. Landlord shall indemnify and hold Tenant harmless against and from liability and claims of any kind for loss or damage to property of Landlord or any other person, except for willful misconduct or negligence of Tenant, its agents, employees, invitees or contractors, or for any injury to or death of any person, arising out of: (a) any work, activity or other things allowed by Landlord to be done in or about the shopping center except for the Premises; or (b) any breach of default by Landlord of any of Landlord's obligations under this Lease.

SECTION 42. Article XVII, Section 1 is amended by adding after the first sentence the following:

Landlord agrees that it will maintain fire insurance in an amount as is customary for similar retail shopping complexes.

SECTION 43. Article XVII, Section 2 is amended by deleting subparagraph (a) in its entirety and substituting in lieu thereof the following:

(a) Commercial General Liability Insurance on an occurrence personal injury and property damage basis with a minimum limit of liability in the amount of two million dollars ($2,000,000) covering only Tenant's operations at the Premises, including water damage and sprinkler leakage legal liability. In addition, Tenant shall maintain at all times during the term and any extended term a two million dollar ($2,000,000) umbrella policy covering Tenant's operations at the Premises and, at Tenant's option, any of Tenant's other restaurants.

SECTION 44. Article XVII, Section 5 is amended by adding after the words "consent to such use" in the fourth line thereof the words "and if Landlord's insurer determines and notifies Landlord and Tenant that as a result of Tenant's business carried on in the Premises the insurance premiums payable by Landlord with respect to the shopping center have been increased,".

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SECTION 45. Article XVIII is amended by adding immediately after the first sentence thereof the following: "Landlord shall not exhibit the Premises to prospective tenants more than 180 days prior to the end of the lease term, or any applicable extension thereof, and shall provide Tenant with reasonable advance notice that the Premises will be so exhibited." Article XVIII is further amended by adding after the words "damage by reason thereof" the words "unless due to Landlord's negligence."

SECTION 46. Article XIX, Section and Section 2 are amended by substituting for the word "building" wherever it appears the words "shopping center." Further,

notwithstanding any provision of the Lease to the contrary, if Landlord elects not to rebuild the shopping center, the Lease shall terminate as of the date of the destruction.

SECTION 47. Wherever in Articles XIX or XX either Landlord or Tenant has the right to take action based upon the destruction, damage to or taking of a specified percentage of the shopping center or the land or the Premises, the percentage shall be determined by a construction professional (such as an architect, engineer, or surveyor) having at least 10 years experience in the construction industry who shall be selected by Landlord with the approval of tenant (which approval shall not be unreasonably withheld or delayed).

SECTION 48. Article XX, Section 4 is amended by adding at the end thereof the following:

> Nothing herein contained shall be construed to preclude Tenant from prosecuting any claim directly against the condemning authority, but not against Landlord, and retaining any award for the unamortized cost of Tenant's leasehold improvements (provided that leasehold improvements shall be amortized at the same rate as Tenant elects to depreciate the leasehold improvements for federal income tax purposes and that the cost amortized shall be reduced by the amount of credit taken by Tenant under Article I, paragraphs 4(b) and 5) and the value of or damage to and/or for the cost of removal of Tenant's trade fixtures and other personal property which under the terms of this Lease would remain Tenant's property upon the expiration of the term of this Lease, as may be recoverable by Tenant in Tenant's own right, or from retaining any other awards specifically made to Tenant, provided that no claim prosecuted by Tenant and no award retained by Tenant shall, except as provided herein, diminish or otherwise affect Landlord's award or be for any taking of the Premises, Tenant's leasehold interest in the Premises, the building of which the Premises are a part or other real estate, fixture or other property of Landlord constituting a part of or used in connection with the shopping center.

SECTION 49. Article XXI, Section 1 is amended by adding at the end thereof the following:

> The foregoing notwithstanding, Landlord will not unreasonably withhold its consent to the assignment of Tenant's leasehold interest or subletting of the Premises, subject to the following conditions:
>
> (i) Tenant shall not thereby be relieved from any liability hereunder;
> (ii) Any such assignee or sublessee shall enter into a writing with Landlord agreeing to be directly bound to Landlord for the payment and performance of all things to be paid and performed by Tenant hereunder;
> (iii) Without limiting the generality of the foregoing, any such assignee or sublessee shall be strictly bound to use the Premises only for the uses to which it may be put and subject to the restrictions in the uses to which it may be put, both as specifically set forth herein;
> (iv) Any such assignment or subleasing shall not have any detrimental economic impact on Landlord;
> (v) Such assignee or sublessee shall have a net worth as is reasonably determined by Landlord to be sufficient to permit such assignee or sublessee to pay and perform all things to be paid and performed by Tenant hereunder (provided, however, that the foregoing condition shall be applicable only as to

subleases or assignments made after the expiration of the Guaranty of David W. Anderson); and

(vi) Such assignee or sublessee shall continue to operate in the Premises under the same trade name utilized by Tenant or such other name as is reasonably acceptable to Landlord.

Subject only to the requirements contained in subparagraphs (i), (iii) and (vi), Landlord hereby consents to the sublease of the Premises to Famous Dave's of America, Inc. based upon the representation by Tenant that Famous Dave's of America, Inc. d/b/a Famous Dave's BAR-B-QUE is a corporation wholly owned by David W Anderson and Kathryn W. Anderson, who are the sole shareholders of Tenant. In the event Tenant enters into such sublease, Tenant shall promptly furnish a copy of the same to Landlord.

SECTION 50. Article XXI, Section 2 is amended by deleting the second sentence thereof.

SECTION 51. Article XXII is amended by adding after the first sentence of the first grammatical paragraph the following. "For purposes hereof, 'competing establishment' means an establishment whose primary use is as a full-service bar-b-que restaurant."

SECTION 52. Article XXIV, Section 1(b) if amended by adding after the word "hereof" the words "and such failure shall continue for a period of five (5) days after notice from Landlord to Tenant."

SECTION 53. Article XXIV, Section 1(d) is amended by placing a period after the word "default" and inserting the following:

> In the event that the default is of such a nature as to reasonably require greater than thirty (30) days to cure, Tenant shall be permitted such longer reasonable period as is required to cure such default provided that Tenant immediately commences and diligently pursues curing such default.

SECTION 54. Article XXIV, Section 1(f) is amended by adding at the end thereof the words, "and Tenant fails to cause such writ to be released within 15 days of the date of the levy or attachment."

SECTION 55. Article XXIV, Section 1 is amended by adding subparagraph (h) as follows:

> Tenant shall fail to secure and keep in good standing a full liquor license for the Premises.

SECTION 56. Article XXIV, Section 2(a) is amended by inserting at the beginning thereof the following: "Except to the extent Landlord's rights are limited by law,"

SECTION 57. Article XXIV, Section 2(b) is amended by adding following the words "continuing" in the second line thereof the words, "beyond any applicable cure period as provided in this Lease."

SECTION 58. Article XXIV, Section 2(c) is amended by inserting after the first sentence the following:

> Landlord agrees that under the circumstances and subject to the conditions set forth in both the preceding and following sentences, Landlord will have an obligation to endeavor to relet the Premises. Landlord shall not be obligated to relet the Premises to any tenant,

for any purposes other than as a full-service restaurant and licensed bar, and upon any terms which do not satisfy the conditions precedent specified in Article XXI, Section 1 as amended by Exhibit F, Section _, with respect to Landlord's consent to assignment or subletting, which, except for the amount of rental reserved or the length of the term are inconsistent with the terms hereof, or which are otherwise determined by Landlord to be detrimental to the shopping center, the other tenants therein or the economic benefits to Landlord as owner of the shopping center.

SECTION 59. Article XXIV, Section 2(h) is amended by adding after the word "Tenant" in the first line of the first grammatical paragraph thereof the words "which is not cured within the applicable cure period as provided in this Lease," and is further amended by adding after the word "such" in the first line of the second grammatical paragraph thereof the word "uncured."

SECTION 60. Article XXIV, Section 3 is amended by adding at the end thereof the following:

Notwithstanding anything herein to the contrary, the security interest granted by Tenant to Landlord pursuant to this Section 3 shall automatically be subordinate to any lien placed by Tenant on Tenant's property for the purpose of securing payment of the purchase price thereof or the repayment of any loan made to pay the purchase price thereof or any leasehold mortgage made in connection with Tenant's operations in the Premises. Further, Landlord's rights hereunder shall automatically be subordinate to the rights of any equipment lessor as to the equipment leased by such lessor. Tenant shall execute and deliver any documents as Landlord may reasonably require to evidence and perfect the security interest granted herein.

SECTION 61. Article XXV is deleted in its entirety.

SECTION 62. Article XXVI, Section 2 is amended by deleting the word "twice" from the sixth line and inserting in lieu thereof the words "one and one-half times"; and by deleting the phrase "(iii) the monthly promotional charge,".

SECTION 63. Article XXVII is deleted in its entirety.

SECTION 64. Article XXXII is amended by adding immediately following the word "regulations" on the second line thereof the following: "(which rules and regulations shall be nondiscriminatory in their application to tenants of the same class)." Article XXXI I is further amended by adding at the end thereof the following:

Tenant shall be open for business to the public during at least the following hours:

Monday-Saturday:	11:00 a.m. through 12:00 a.m.
Sunday:	12:00 noon through 10:00 p.m.

Tenant may extend the opening and closing hours as desired and as is otherwise allowed by law. Landlord agrees to keep the common areas of the shopping center open and to provide shopping center security services during Tenant's permitted business hours.

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SECTION 65. Article XXXVIII is amended by adding at the end of the first sentence thereof the following:

provided that such mortgagee or lender agrees to enter into a non-disturbance agreement that shall provide that in the event Landlord defaults under such mortgage or other security instrument, Tenant's possession of the Premises shall not be disturbed so long as Tenant is not in breach or default under this Lease.

SECTION 66. Article XXXII I is amended by adding at the end of the last sentence thereof the words ", provided Landlord has given Tenant notice of the name, address and contact person, of said mortgagee."

SECTION 67. Article XXXIV is amended by adding Section 17 thereto as follows:

Tenant shall promptly apply for and use its best efforts to secure a full liquor license for the Premises. Landlord shall cooperate with Tenant in securing such license, including but not limited to, allocating the number of parking spaces required by the City of Minneapolis. Tenant shall notify Landlord in writing immediately upon Tenant's receipt of such license.

The obligations of Landlord and Tenant under this Lease are subject to the following contingencies:

(a) David Anderson having personally guaranteed this Lease by executing a Guaranty in the form attached to this Lease as Exhibit E and having delivered such Guaranty to Landlord contemporaneously with the execution of the Lease.

(b) Landlord having secured from First Trust Company of St. Paul a nondisturbance agreement in form and substance satisfactory to Tenant by January 19, 1996. In the event such agreement has not been secured by January 19, 1996, Tenant may terminate this Lease based upon such failure by giving written notice to Landlord in which event this Lease shall become null and void and neither party shall have any further right or obligation hereunder. In the event notice of termination is not given on or before January 19, 1996, the right to terminate this Lease pursuant to this subparagraph (c) shall cease, and this Lease shall continue in full force and effect.

(c) Tenant having approved that certain Amended and Restated Lease dated December 30, 1982 between Landlord and Norman J. Ackerberg by January 19, 1996. Tenant may terminate this Lease based upon its review of said lease

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by giving written notice to Landlord in which event this Lease shall become null and void and neither party shall have any further right or obligation hereunder. In the event notice of termination is not given on or before January 19, 1996, the right to terminate this Lease pursuant to this subparagraph (d) shall cease, and this Lease shall continue in full force and effect.

SECTION 68. Article XXXIV is amended by adding thereto Section 18 as follows:

SECTION 18. Whenever the consent of Landlord is required pursuant to the terms of this Lease, such consent shall not be unreasonably withheld so long as the following conditions are met:

(a) The matter to which Landlord's consent is requested shall not be reasonably believed by Landlord to constitute a risk of any detrimental economic impact on Landlord;

(b) The matter to which Landlord's consent is requested shall not be reasonably believed by Landlord to create any difficulty or impediment with respect to any existing or future contemplated financing on, or to be obtained on, the shopping center or with respect to any other tenant in the shopping center;

(c) The matter to which Landlord's consent is requested shall not constitute a violation of, or place Landlord in default under, any other agreement, contract or other instrument relating to the shopping center or any tenant therein;

(d) The matter to which Landlord's consent is requested shall not be reasonably believed by Landlord to have any significant detrimental impact, physically, economically or otherwise, on the shopping center, or on anything relative to the shopping center, or on Landlord's rights with respect to the shopping center;

(e) At the time such consent is requested, there shall be no default existing or which would exist after the giving of notice, the passage of time, or both in any payment or performance of Tenant hereunder;

(f) The satisfaction of any other conditions herein specifically set forth with respect to the matter with respect to which Landlord's consent if being requested.

SECTION 69. Article XXXIV, is amended by adding thereto Section 19 as follows:

SECTION 19. Anything in this agreement to the contrary notwithstanding, except for a failure to pay money due Landlord under this Lease, Tenant shall not be deemed in default with respect to the performance of any of the terms, covenants and conditions of this Lease if the same be due to any strike, lock-out or other labor trouble, material shortages, governmental restrictions, fire, acts of God, the elements, war, riot, rebellion or any other cause beyond the reasonable control of Tenant, provided that no such cause shall relieve Tenant of its obligation to pay rent and other amounts due Landlord hereunder or to perform any of the other covenants to be performed hereunder by Tenant except as the same may be delayed by such causes.

SECTION 7O. Article XXXIV is further amended by the addition of Section 20 thereto as follows:

SECTION 20. Tenant covenants not to disclose the terms of this Lease to the media or tenants in the shopping center.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Exhibit F to the Lease as of this 4th day of January, 1996.

LANDLORD: CALHOUN SQUARE ASSOCIATES
LIMITED PARTNERSHIP

By Calhoun Square Associates
General Partner of Calhoun
Square Associates Limited
Partnership

By RHH Limited Partnership
General Partner of Calhoun
Square Associates

By

_____
General Partner of
RHH Limited partnership

TENANT: LAKE & HENNEPIN BBQ
AND BLUES, INC.

By

_____

Its_____

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EXHIBIT G

Exhibit G consists of pictures showing the location of signs.

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FIRST AMENDMENT TO
LEASE

THIS FIRST AMENDMENT TO LEASE is made and entered into this _____ day of March, 1996, by and between Calhoun Square Associates Limited Partnership, (hereinafter "Landlord") and Lake & Hennepin BBQ and Blues, Inc. (hereinafter "Tenant") and amends that certain Lease between Landlord and Tenant, dated January 4, 1996 for premises in the Calhoun Square Shopping Center (hereinafter referred to as the "Lease").

WHEREAS, Tenant desires to expand the Premises by building a permanent addition thereto over the existing patio and by expanding into the interior common area of the shopping center; and

WHEREAS, Landlord has consented to the expansion provided that adjustments are made to the rents and charges payable under the Lease.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, Landlord and Tenant do hereby agree as follows:

Section 1. Except as hereinafter specifically provided to the contrary, all of the terms, covenants and conditions of the Lease are, and shall remain, in full force and effect. To the extent the provisions of this First Amendment conflict with the terms of the Lease, the provisions of this First Amendment

shall be controlling.

Section 2. Article I is hereby deleted in its entirety and the following is inserted in lieu thereof:

ARTICLE I - PERTINENT DATA

Each reference in this Lease to any of the following terms shall be construed to include the pertinent data set forth below.

1. PREMISES: The area designated as space no. G-109, plus the patio area immediately south of space no. G-109 on which Tenant will construct a fully enclosed expansion (the lower level, if any, of which shall be disregarded for purposes of computing minimum rent and additional rent so long as it is not used for customer seating and entertainment purposes), plus the currently existing farmers' market area (hereinafter the "Farmers Market Area") immediately east of space no. G-109 (which area shall not be included in determining the gross leasable area of the Premises as provided in Article II, Section 3). The gross leasable area as to which minimum rent, percentage rent and additional rent is payable is agreed to be 7,220 square feet. To the extent the expansion of the Premises into the existing common areas of the shopping center and onto the existing patio result in

the Premises having a leasable area in excess of 7,220 square feet no minimum rent shall be payable as to the excess area, but such excess area (excluding the lower level unless and to the extent used for customer seating or entertainment purposes) shall be considered as part of the gross leasable area of the Premises for purposes of determining Tenant's share of common area expenses and, commencing January 1, 1998, Tenant's share of real property taxes. In the event any other tenant of the shopping center asserts that all or part of the excess area should have been included as part of the leasable area of the shopping center for purposes of calculating such tenant's share of taxes for the period beginning on the Commencement Date and ending December 31, 1997, and in the further event Landlord makes a refund to such tenant, Tenant shall reimburse Landlord in an amount equal to any such refund. The parties have based their determination of the gross leasable area of the Premises for certain purposes as being 7,220 square feet upon the assumption that the expansion of the storefront into the existing interior common area of the shopping center will add 222 square feet of gross leasable area. In the event the gross leasable area of the storefront expansion is other than 222 square feet, then the leasable area as to which minimum rent, percentage rent and additional rent are payable shall be adjusted upward or downward to reflect any change in the leasable area of the storefront expansion, and the minimum rents and percentage rent breakpoints set forth below shall be adjusted to reflect such change. In the event the parties cannot agree upon the adjustment in area resulting from the storefront expansion, and they shall promptly appoint a neutral architect licensed in the State of Minnesota to make the determination based on the provisions of Article II, Section 3, and such architect's determination shall be conclusive upon the parties.

2. TERM: Fifteen full lease years, commencing on July 1, 1996 and ending on June 30, 2011. In addition, Tenant shall have options for two extended terms of five (5) years each as provided in Exhibit F, Section 8.

3. PERMITTED USE: A full-service bar-b-que restaurant having a full-service bar and providing live blues entertainment with take-out dining available. In addition, Tenant shall be permitted to sell related merchandise bearing Tenant's trade name and/or logo, prerecorded music by bands appearing live at the Premises, and merchandise such as t-shirts related to such bands, provided such merchandise and music sales shall be

incidental to Tenant's primary restaurant, bar and entertainment use.

4. ANNUAL MINIMUM RENT:

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(a) For each year during the initial ten (10) years of the term of the Lease (i.e., through June 30, 2006), annual minimum rent shall be $129,960 per year, payable $10,830 per month.

(b) Provided that Tenant completes its improvements (except for punch list items which do not prevent Tenant from operating) and opens for business on or before September 1, 1996 (subject to delays by reason of Acts of God, the negligence of Landlord or unreasonable delays by Landlord in reviewing Tenant's plans and specifications or other cause beyond the control of Tenant, provided that Tenant shall promptly notify Landlord in writing of such delays and shall use due diligence to overcome such delays as expeditiously as possible), and further provided that Tenant has met the requirements of Exhibit F, Section 6 as to the cost of tenant improvements, and further provided that Tenant is not in default beyond applicable cure periods of any of the covenants, terms and conditions of the Lease to be performed by Tenant, Tenant shall have a credit of $250,000 against the annual minimum rent next coming due hereunder. (See also Exhibit F, Section 69.)

(c) For the five (5) years beginning on July 1, 2006 and ending June 30, 2011, annual minimum rent for each year during the first five (5) year extended term shall be $173,280 per year, payable $14,440 per month.

(d) If Tenant effectively exercises the first option to extend the term of the Lease for an additional period of five (5) years beginning on July 1, 2011, annual minimum rent for each year during the first five (5) year extended term shall be $187,720 per year, payable $15,643.33 per month.

(e) If Tenant effectively exercises the second option to extend the term of the Lease for an additional period of five (5) years beginning on July 1, 2016, annual minimum rent for each year during the second five (5) year extended term shall be $216,600 per year, payable $18,050 per month.

5. PERCENTAGE RENT RATE: Five percent (5%) of annual gross sales. Accordingly, for each year during the initial ten (10) years of the Lease, Tenant shall pay percentage rent equal to 5% of annual gross sales in excess of $2,599,200; for each year of the next five years (i.e., July 1, 2006 - June 30, 2011) of the Lease, Tenant shall pay percentage rent equal to 5% of annual gross sales in excess of $3,465,600; for each year of the first option term of the Lease, Tenant shall pay percentage rent equal to 5% of annual gross sales in excess of $3,754,400; and for each year of the second option term of the Lease, Tenant shall pay percentage rent equal to 5% of annual gross sales in excess of $4,332,000.

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Notwithstanding anything to the contrary, provided that Tenant is not in default beyond applicable cure periods of any of the covenants, terms and conditions of the Lease to be performed by Tenant, Tenant shall have a credit against annual percentage rent coming due in each of the first five (5) full fiscal years of the initial term of $12,500. The maximum credit for which Tenant is eligible hereunder shall be $62,500. To the

extent the full $12,500 credit is not used in any year, it shall be lost, it being the agreement of the parties that the credits shall not be cumulative.

6. TENANT'S TRADE NAME: Famous Dave's BAR-B-QUE or Famous Dave's BAR-B-QUE & Blues.

7. SECURITY DEPOSIT: $0.00

8. COMMENCEMENT DATE: July 1, 1996. Tenant shall have the right of early possession as provided in Exhibit F, Section 9 for purposes of preparing the Premises for occupancy.

9. ADDITIONAL PROVISIONS: Exhibit F contains additional provisions and amendments to this Lease. In the event of any conflict between the provisions contained in Exhibit F and any other provision of this Lease and its Exhibits, the provisions of Exhibit F shall control.

Section 3. Exhibit F, Section 4 is hereby deleted and replaced with the following:

SECTION 4. Article II, Section 3 is further amended by deleting the last sentence thereof and inserting the following:

> The area of the Farmers Market Area, the lower level of the expansion constructed on the existing patio so long as it is not used for customer seating and entertainment purposes, and any storage areas separately leased to Tenant shall be excluded in any calculation of the gross leasable area of the Premises.

Section 4. Exhibit F, Section 6 is hereby deleted and replaced with the following:

SECTION 6. Article II is further amended by adding a new Section 6 thereto reading as follows:

> SECTION 6. Tenant covenants and agrees that the total capitalized costs of the project determined in accordance with generally accepted accounting principles (but excluding pre-opening expenses in excess of $50,000, and consulting, development or similar fees paid or payable

> to Tenant, or to David Anderson or to entities affiliated or related to either of them) shall be not less than $700,000. Tenant shall provide Landlord promptly after substantial completion of the tenant improvements with paid invoices, mechanics' lien waivers or other evidence reasonably acceptable to Landlord of the project costs showing that Tenant has performed its obligations under this Section 6. Tenant shall have the right to construct an expansion of approximately 2,374 square feet to the south of space no. G-109 in accordance with plans and specifications approved by Landlord. All such work shall be done at Tenant's sole expense pursuant to plans and specifications approved by Landlord in writing prior to the commencement of construction.

Section 5. Exhibit F, Section 12 is hereby deleted and replaced with the following:

SECTION 12. Article V, Section 1 is further amended by deleting the second grammatical paragraph and inserting in lieu thereof the following:

> Percentage rent, if any, for the fiscal year ending June 30, 1997 shall be due and payable in full on or before July 31, 1997.

Thereafter, percentage rent shall be determined and payable quarterly on or before the fifteenth (15th) day following the close of each such quarterly period during the term based on year-to-date gross sales for the fiscal year in which the quarter occurs. Quarters end on September 30, December 31, March 31 and June 30. The "annual breakpoint" for each full fiscal year during the first ten years of the term is $2,599,200. The "annual breakpoint" for the next five years of the term is $3,465,600. The "annual breakpoint" for the first five year extended term is $3,754,400. The "annual breakpoint" for the second five year extended term is $4,332,000. The first quarterly payment shall be five percent (5%) of the amount by which Tenant's gross sales for the first quarter exceed one-quarter of the relevant annual breakpoint. The second quarterly payment shall be five percent (5%) of the amount by which Tenant's gross sales for the first two quarters exceed one-half of the relevant annual breakpoint. The third quarterly payment shall be five percent (5%) of the amount by which Tenant's gross sales for the first three quarters exceed three-fourths of the relevant annual breakpoint. The fourth quarterly payment shall be five percent (5%) of the amount by which Tenant's gross sales for the year exceed the relevant annual breakpoint. The percentage rent credit provided for in Article I, paragraph 5 for each of the first five full fiscal years shall be taken against the first payments of percentage

rent due hereunder. Further, if at the end of any such fiscal year the credit taken by Tenant in preceding quarters exceeds the amount of credit for which Tenant is eligible for the year, then Tenant shall, not later that fifteen (15) days after the end of the fiscal year, pay to Landlord the amount of the excess. If, at the end of any Fiscal Year, the total amount of estimated percentage rent paid by Tenant exceeds the total amount of percentage rent required to be paid by Tenant for the said Fiscal Year, Tenant shall, notwithstanding any provision in this Lease to the contrary, have the right to off-set such excess against the next payments of rent due hereunder. Any excess estimated percentage rental paid during the last Fiscal Year of the lease term will be refunded to Tenant as soon as the amount of such excess is ascertained. If, at the end of any Fiscal Year, the total amount of estimated percentage rent required to be paid by Tenant is less than the total amount of percentage rent required to be paid by Tenant for said Fiscal Year, the balance shall be due and payable in full thirty (30) days after the end of said Fiscal Year.

Section 6. Exhibit F, Section 24 is hereby deleted and replaced with the following:

SECTION 24. Article IX, Section 3 is amended by inserting at the end thereof the following:

Notwithstanding the foregoing, Landlord consents to the presentation of live, amplified music in the Premises and agrees that Tenant will not be deemed to be in default of the Lease provided that Tenant strictly complies with all ordinances, rules and regulations of the City of Minneapolis having to do with the presentation of live music or having to do with noise, sound or nuisance, that live music be presented only after 9:00 p.m., that the sound not be transmitted or broadcast through outside speakers to the adjacent Farmers Market Area and that doors leading to the Farmers Market Area will not be propped open while live music is being presented. Nothing herein or elsewhere in the Lease shall be deemed to require Tenant to present live music in the Premises at any time after June 30, 1997.

Section 7. Exhibit F, Section 31 is hereby deleted and replaced with the

following:

SECTION 31. Article XII, Section 1 is amended by adding at the end thereof the following:

Notwithstanding the foregoing, Tenant shall be entitled to one listing on each shopping center directory. Subject to receipt of Landlord's prior written approval as to content, materials, and

method of installation and to compliance with all applicable ordinances and regulations, Tenant shall have: (a) the exclusive right to place signage in the location depicted in Exhibit G-1, on the south exterior wall of the expanded Premises facing 31st Street, in the third floor window immediately below the "Calhoun Square" sign and in the two windows immediately adjacent to and on either side of such window as depicted in Exhibit G-3; (b) the exclusive right to place a sign below the second floor windows and above the shopping center entrance at the intersection of Hennepin and Lake as depicted in Exhibit G-3; and (c) the non- exclusive right to signage at the locations depicted in Exhibit G-4, G-5, G-6, G-7, G-8 and G-9 as part of a coordinated sign program developed by Landlord. In the event Tenant installs signs as described in subparagraph (c) above, before Landlord has finalized its coordinated sign program, and if Tenant's signs are removed within two (2) years of the Commencement Date such that Landlord can effectuate the coordinated sign program, then Landlord shall reimburse Tenant's cost of the signs so removed. If as part of Landlord's coordinated sign program, Tenant shares sign locations with other tenants, Tenant's contribution to the cost of the shared sign(s) shall be pro-rata based upon the total number of tenants on the shared sign(s).

CALHOUN SQUARE ASSOCIATES
LIMITED PARTNERSHIP

By Calhoun Square Associates,
General Partner of Calhoun Square
Associates Limited partnership

By RHH Limited Partnership,
General Partner of Calhoun Square
Associates

By

General Partner of RHH
Limited Partnership

TENANT: LAKE & HENNEPIN BBQ
AND BLUES, INC.

By

Its

SECOND AMENDMENT TO
LEASE

THIS SECOND AMENDMENT TO LEASE is made and entered into this _____ day of _____, 1996, by and between Calhoun Square Associates Limited Partnership, (hereinafter "Landlord") and Lake & Hennepin BBQ and Blues, Inc. (hereinafter "Tenant") and amends that certain Lease between Landlord and Tenant, dated January 4, 1996 and amended by the First Amendment to Lease dated March 26, 1996 for premises in the Calhoun Square Shopping Center (hereinafter referred to as the "Lease")

WHEREAS, Tenant is now constructing its improvements to the shopping center; and

WHEREAS, Landlord and Tenant have agreed to certain modifications to the size and layout of the Premises and related changes in the rents and other charges payable by Tenant during the term of the Lease; and

WHEREAS, as a result of the further expansion of the Premises beyond that contemplated in the First Amendment to Lease completion of Tenant's improvements to the Premises may be delayed by as much as one month.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, Landlord and Tenant do herebyagree as follows:

Section 1. Except as hereinafter specifically provided to the contrary, all of the terms, covenants and conditions of the Lease are, and shall remain, in full force and effect. To the extent the provisions of this Second Amendment conflict with the terms of the Lease, the provisions of this Second Amendment shall be controlling.

Section 2. Tenant shall have the right to enclose the Farmers Market Area immediately east of space No. G-109 and the gross leasable area of the Farmers Market Area shall, notwithstanding any provision of the Lease to the contrary, be included in determining the gross leasable area of the Premises. The gross leasable area of the Farmers Market Area is agreed to be 1,588 square feet.

Section 3. Article I, Paragraph 1 is hereby deleted in its entirety and the following is inserted in lieu thereof:

1. PREMISES: For purposes of this Lease, the Premises consist of (a) The area designated as space no. G-109 and the adjacent area to be constructed by Tenant expanding said space no. G-109 into the interior common area consisting of 6,226 square feet of gross leasable area; (b) The current patio area located immediately south of space no. G-109 on which Tenant will construct an expansion to the shopping center consisting

of approximately 2,373 square feet of gross leasable area at street level with a basement, the area of which is not included in said 2,373 square feet and which is to be disregarded in the computation of any rents due under the Lease so long as said basement is not used for customer seating and entertainment purposes; (c) The current farmers market area (hereinafter the "Farmers Market Area") located immediately east of space no. G-109 which Tenant will expand and enclose and which, upon completion, will have a gross leasable area of approximately 1,588 square feet; and (d) The take-out waiting area which Tenant will construct between the patio area and the Farmers Market Area and which, upon completion, will have a gross leasable area of approximately 436 square feet. The total gross leasable area described above (exclusive of the basement) is 10,623 square feet.

For purposes of computing the rents due under this Lease, the parties agree as follows:

With respect to minimum rent only the gross leasable area of those portions of the Premises described in clauses (a) and (c), above, shall be taken into account;

With respect to common area expenses other than taxes the entire gross leasable area of the Premises as described in clauses a), (b), (c), and (d), above, shall be taken into account;

With respect to taxes for the period commencing on July 1, 1996 and ending on December 31, 1997 only the gross leasable area described in clause (a) shall be taken into account, but after December 31, 1997 the entire gross leasable area of the Premises as described in clauses (a), (b), (c) and (d), above shall be taken into account. Notwithstanding the foregoing, in the event any other tenant of the shopping center asserts that all or part of the areas described in clauses (b), (c) or (d), above, should have been included as part of the leasable area of the shopping center for purposes of calculating such tenant's share of taxes for the period beginning on July 1, 1996 and ending December 31, 1997, and in the further event Landlord makes a refund to such tenant, Tenant shall reimburse Landlord in an amount equal to any such refund.

In the event the gross leasable area of the street level of that portion of the Premises described in clause (b) above is determined to be other than 2,373 square feet or the gross leasable area of the Farmers Market Area described in clause (c) above is determined to be other than 1,588 square feet or the gross leasable area of the take-out waiting area described in clause (d) is determined to be other than 436 square feet,

the rents payable with respect to such areas shall be adjusted upward or downward to reflect such change. In the event the parties cannot agree upon the adjustment in area, they shall promptly appoint a neutral architect licensed in Minnesota to make the determination based upon the provisions of Article II, Section 3, and such architect's determination shall be conclusive on the parties.

Section 4. Article I, Paragraphs 4 and 5 are hereby deleted in their entirety and the following is inserted in lieu thereof:

4. ANNUAL MINIMUM RENT:

(a) For each year during the initial ten (10) years of the term of the Lease (i.e., through June 30, 2006), annual minimum rent shall be $140,652 per year, payable $11,721 per month.

(b) Provided that Tenant completes its improvements (except for punch list items which do not prevent Tenant from operating) and opens for business on or before October 1, 1996 (subject to delays by reason of Acts of God, the negligence of Landlord or unreasonable delays by Landlord in reviewing Tenant's plans and specifications or other cause beyond the control of Tenant, provided that Tenant shall promptly notify Landlord in writing of such delays and shall use due diligence to overcome such delays as expeditiously as possible), and further provided that Tenant has met the requirements of Exhibit F, Section 6 as to the cost of tenant improvements, and further provided that Tenant is not in default beyond applicable cure periods of any of the covenants, terms and

conditions of the Lease to be performed by Tenant, Tenant shall have a credit of $250,000 against the annual minimum rent next coming due hereunder. (See also Exhibit F, Section 69.)

(c) For the five (5) years beginning on July 1, 2006 and ending June 30, 2011, annual minimum rent for each year during the first five (5) year extended term shall be $187,536 per year, payable $15,628 per month.

(d) If Tenant effectively exercises the first option to extend the term of the Lease for an additional period of five (5) years beginning on July 1, 2011, annual minimum rent for each year during the first five (5) year extended term shall be $203,164 per year, payable $16,930 per month.

(e) If Tenant effectively exercises the second option to extend the term of the Lease for an additional period of five (5) years beginning on July 1, 2016, annual minimum rent for each year during the second five (5) year extended term shall be $234,420 per year, payable $19,535 per month.

5. PERCENTAGE RENT RATE: Five percent (5%) of annual gross sales. Accordingly, for each year during the initial ten (10) years of the Lease, Tenant shall pay percentage rent equal to 5% of annual gross sales in excess of $2,813,040; for each year of the next five years (i.e., July 1, 2006 - June 30, 2011) of the Lease, Tenant shall pay percentage rent equal to 5% of annual gross sales in excess of $3,750,720; for each year of the first option term of the Lease, Tenant shall pay percentage rent equal to 5% of annual gross sales in excess of $4,063,280; and for each year of the second option term of the Lease, Tenant shall pay percentage rent equal to 5% of annual gross sales in excess of $4,688,400. Notwithstanding anything to the contrary, provided that Tenant is not in default beyond applicable cure periods of any of the covenants, terms and conditions of the Lease to be performed by Tenant, Tenant shall have a credit against annual percentage rent coming due in each of the first five (5) full fiscal years of the initial term of $12,500. The maximum credit for which Tenant is eligible hereunder shall be $62,500. To the extent the full $12,500 credit is not used in any year, it shall be lost, it being the agreement of the parties that the credits shall not be cumulative.

Section 5. Exhibit F, Section 4 is hereby deleted and replaced with the following:

SECTION 4. Article II, Section 3 is further amended by deleting the last sentence thereof and inserting the following:

> The area of the lower level of the expansion constructed on the existing patio so long as it is not used for customer seating and entertainment purposes, and any storage areas separately leased to Tenant shall be excluded in any calculation of the gross leasable area of the Premises.

Section 6. Exhibit F, Section 6 is hereby deleted and replaced with the following:

SECTION 6. Article II is further amended by adding a new Section 6 thereto reading as follows:

> SECTION 6. Tenant covenants and agrees that the total capitalized costs of the project determined in accordance with generally accepted accounting principles (but excluding pre-opening expenses in excess of $50,000, and consulting, development or similar fees paid or payable to Tenant, or to David Anderson or to entities affiliated or related to either of them) shall be not less than $700,000. Tenant shall provide Landlord promptly after substantial

completion of the tenant improvements with

paid invoices, mechanics' lien waivers or other evidence reasonably acceptable to Landlord of the project costs showing that Tenant has performed its obligations under this Section 6. Tenant shall have the right to construct an expansion of approximately 2,374 square feet to the south of space no. G-l09 , to enclose the Farmers Market Area of approximately 1,588 square feet to the east of space No. G-109 and to construct an expansion of approximately 436 square feet to the south of the Farmers Market Area in accordance with plans and specifications approved by Landlord. All such work shall be done at Tenant's sole expense pursuant to plans and specifications approved by Landlord in writing prior to the commencement of construction.

Section 7. Exhibit F, Section 12 is hereby deleted and replaced with the following:

SECTION 12. Article V, Section 1 is further amended by deleting the second grammatical paragraph and inserting in lieu thereof the following:

Percentage rent, if any, for the fiscal year ending June 30, 1997 shall be due and payable in full on or before July 31, l997. Thereafter, percentage rent shall be determined and payable quarterly on or before the fifteenth (15th) day following the close of each such quarterly period during the term based on year-to-date gross sales for the fiscal year in which the quarter occurs. Quarters end on September 30, December 31, March 31 and June 30. The "annual breakpoint" for each full fiscal year during the first ten years of the term is $2,813,040. The "annual breakpoint" for the next five years of the term is $3, 750, 720. The "annual breakpoint" for the first five year extended term is $4,063,280. The "annual breakpoint" for the second five year extended term is $4,688,400. The first quarterly payment shall be five percent (5%) of the amount by which Tenant's gross sales for the first quarter exceed one-quarter of the relevant annual breakpoint. The second quarterly payment shall be five percent (5%) of the amount by which Tenant's gross sales for the first two quarters exceed one-half of the relevant annual breakpoint. The third quarterly payment shall be five percent (5%) of the amount by which Tenant's gross sales for the first three quarters exceed three-fourths of the relevant annual breakpoint. The fourth quarterly payment shall be five percent (5%) of the amount by which Tenant's gross sales for the year exceed the relevant annual breakpoint. The percentage rent credit provided for in Article I, paragraph 5 for each of the first five full fiscal years shall be taken against the first

payments of percentage rent due hereunder. Further, if at the end of any such fiscal year the credit taken by Tenant in preceding quarters exceeds the amount of credit for which Tenant is eligible for the year, then Tenant shall, not later that fifteen (15) days after the end of the fiscal year, pay to Landlord the amount of the excess. If, at the end of any Fiscal Year, the total amount of estimated percentage rent paid by Tenant exceeds the total amount of percentage rent required to be paid by Tenant for the said

Fiscal Year, Tenant shall, notwithstanding any provision in this Lease to the contrary, have the right to off-set such excess against the next payments of rent due hereunder. Any excess estimated percentage rental paid during the last Fiscal Year of the lease term will be refunded to Tenant as soon as the amount of such excess is ascertained. If, at the end of any Fiscal Year, the total amount of estimated percentage rent required to be paid by Tenant is less than the total amount of percentage rent required to be paid by Tenant for said Fiscal Year, the balance shall be due and payable in full thirty (30) days after the end of said Fiscal Year.

CALHOUN SQUARE ASSOCIATES
LIMITED PARTNERSHIP

By Calhoun Square Associates,
General Partner of Calhoun Square
Associates Limited Partnership

By RHH Limited Partnership,
General Partner of Calhoun Square
Associates

By

General Partner of RHH
Limited Partnership

TENANT: LAKE & HENNEPIN BBQ
AND BLUES, INC.

By

Its

EXHIBIT 10.13

FAMOUS DAVE'S OF MINNEAPOLIS, INC.

AMENDMENT TO
1995 STOCK OPTION AND
COMPENSATION PLAN

1. Increase in Number of Shares Subject to the Plan. Section 5.1 of the 1995 Stock Option and Compensation Plan is hereby amended to read in its entirety as follows:

5.1 Number of Shares. Subject to adjustment as provided in Section 11.6, the number of shares of Common Stock which may be issued under the Plan shall not exceed 700,000 shares of Common Stock.

2. Effective Date. This Amendment will become effective upon approval thereof by the shareholders of the Company at the next annual meeting of shareholders.

EXHIBIT 24.2

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our report and to all references to our firm included in or made a part of this registration statement.

/s/ Lund Koehler Cox & Company, PLLP

LUND KOEHLER COS & COMPANY, PLLP

Minneapolis, Minnesota
October 1, 1996

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