UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported)
April 9, 2013

Good Times Restaurants Inc.
(Exact name of registrant as specified in its charter)

Nevada	000-18590	84-1133368
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

601 Corporate Circle, Golden, Colorado 80401
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (303) 384-1400

Not applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2.):

[_] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[_] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[_] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[_] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On April 9, 2013, Good Times Restaurants Inc. (the "Company") entered into a series of agreements with Bad Daddy's International, LLC, a North Carolina limited liability company ("BDI"), and Bad Daddy's Franchise Development, LLC, a North Carolina limited liability company ("BDFD"), to acquire the exclusive development rights for Bad Daddy's Burger Bar restaurants in Colorado, additional restaurant development rights for Arizona and Kansas, and a 48% voting ownership interest in the franchisor entity, BDFD (collectively, the "Bad Daddy's Transaction").

A copy of the Company's April 15, 2013 press release announcing the Bad Daddy's Transaction is filed herewith as Exhibit 99.1 to this Current Report on Form 8-K. Each of the material agreements relating to the Bad Daddy's Transaction is summarized below. The summaries below do not purport to be complete and are qualified in their entirety by the full text of the related agreements, copies of which are filed as exhibits to this Current Report on Form 8-K.

Subscription Agreement

On April 9, 2013, the Company executed a Subscription Agreement for the purchase of 4,800 Class A Units of BDFD, representing a 48% voting membership interest in BDFD, for the aggregate subscription price of $750,000. The subscription price is payable in two equal installments, the first $375,000 installment on the date of execution of the Subscription Agreement, and the remaining $375,000 installment on or before the six month anniversary of the date of execution of the Subscription Agreement.

A copy of the Subscription Agreement is attached as Exhibit 10.1 to this Current Report on Form 8-K.

Amended and Restated Operating Agreement

In connection with its acquisition of Class A Units in BDFD pursuant to the Subscription Agreement, as described above, the Company entered into an Amended and Restated Operating Agreement of BDFD (the "Operating Agreement"), dated as of April 9, 2013, by and among BDFD, BDI and the Company as the Class A Members of BDFD (the "Class A Members"), and Dennis L. Thompson, Joseph F. Scibelli, Eric Fenner (principals of BDI), Boyd Hoback (a director and the President and Chief Executive Officer of the Company) and Alan Teran (a director of the Company) as the managers of BDFD (collectively, the "Board of Managers").

The Operating Agreement sets forth the respective ownership interests and capital contributions of the Class A Members. In addition to the initial capital contribution equal to the subscription price set forth in the Subscription Agreement described above, the Operating Agreement provides that the Company and BDI, collectively, may be required to make additional capital contributions to BDFD of up to an aggregate of $1,000,000 upon written request of the Board of Managers. Such additional capital contributions, if required, will be in

accordance with the Company's and BDI's then respective percentage interests of Class A Units in BDFD. Thus, the Company's portion of such additional capital contributions, if required, prior to any change in BDFD ownership, will be up to $480,000.

The business of BDFD is to grant franchises throughout the U.S. to qualified franchisees and to regulate the development and operation of their Bad Daddy's Burger Bar restaurants. The Operating Agreement sets forth provisions for the management of the business and affairs of BDFD by its Board of Managers. Subject to the terms of the Management Services Agreement as described below, and except as to certain very material actions which require the unanimous approval of all Class A Members, the Operating Agreement provides that the Board of Managers shall have full, absolute and complete discretion to manage and control the business and affairs of BDFD and its subsidiaries, including, without limitation, the approval of all Bad Daddy's Burger Bar franchisees and the territory to be developed by them. The Operating Agreement provides that the Board of Managers will consist of five managers, including three managers designated by BDI (the "BDI Managers") and two managers designated by the Company (the "Good Times Managers"). In the event the Company subsequently owns more than 50% of the Class A Units then outstanding, the Board of Managers will thereafter consist of three Good Times Managers and two BDI Managers.

The Operating Agreement also provides that as long as the Management Services Agreement is in effect, the Company will manage the day-to-day operations of BDFD in accordance with business plans approved by the Board of Managers.

The Operating Agreement provides that any proposed franchise sale in the States of Colorado, Kansas and Arizona must be approved by a majority of the Board of Managers, including the Good Times Managers. In the event that the Good Times Managers disapprove of a sale which is approved by the BDI Managers and which sale otherwise satisfies certain quantitative and qualitative requirements set forth in the Operating Agreement, the Company will cause BDC (as defined below), the Company's subsidiary, to develop such proposed territory and pay corresponding license fees to BDFD pursuant to a separate license agreement between BDC and BDFD with the same terms as the License Agreement described below. Pursuant to the Operating Agreement, the Company, through BDC, also has a right to develop Bad Daddy's Burger Bar restaurants in Arizona and Kansas assuming that BDC's restaurants are meeting operating standards, pursuant to a development schedule comparable to the Company's development schedule for Colorado which is agreed upon with BDFD, and subject to any development rights in such states previously granted to a third party.

The Operating Agreement also provides that any franchise sale in the States of North Carolina, Virginia or the greater Charleston, South Carolina area must be approved by a majority of the Board of Managers, including the BDI Managers. In the event that the BDI Managers disapprove a sale which is approved by the Good Times Managers and otherwise satisfies certain quantitative and qualitative requirements, BDI will cause one of its affiliate entities to develop such proposed territory.

The Operating Agreement further provides that the Board of Managers may appoint officers of BDFD and delegate to such officers the powers, authority and responsibility as the

Board of Managers deems advisable from time to time. The initial officers appointed by the Operating Agreement and their titles are as follows: Dennis Thompson, Co-Chairman; Frank Scibelli, Co-Chairman; Boyd Hoback, Chief Executive Officer; and Scott Somes, Chief Operating Officer.

The Operating Agreement provides that BDFD may issue Class B Units which are intended to be issued as "profits interests" in BDFD. The Board of Managers has authority to issue up to such number of Class B Units as is equal to an aggregate of 15% of the outstanding units of BDFD owned by all members. In addition to the provisions of the Operating Agreement, all Class B Units are subject to the terms and conditions of a grant agreement governing the terms of such Units. Initial grants of 5% each have been made to Messrs. Hoback and Somes.

The Operating Agreement sets forth restrictions on the Class A Members' ability to transfer or otherwise dispose of their Class A Units in BDFD, including granting a right of first offer to the other Class A Members in the event a Class A Member desires to transfer (i) its units in BDFD, and/or in the case of BDI, a controlling interest in BDI or substantially all of BDI's assets at any time after the third anniversary of the effective date of the Operating Agreement, or (ii) its interest in any Bad Daddy's Burger Bar restaurant. The Operating Agreement grants drag-along rights to BDFD to require all Class B Members to participate in a proposed sale of BDFD or all of its outstanding units, which sale has been approved by all Class A Members. The Operating Agreement also contains drag-along rights allowing BDI to require the Company to participate in a proposed sale of BDFD or all of its outstanding units if approved by BDI and its designated managers at any time after the fifth anniversary of the effective date of the Operating Agreement, subject to certain conditions. In the event that BDI elects to sell all or substantially all of its Class A Units and does not exercise its drag-along rights, the Company may nonetheless elect to participate in the sale on a pro rata basis provided that certain conditions are met.

The Operating Agreement is governed by North Carolina law.

A copy of the Operating Agreement is attached as Exhibit 10.2 to this Current Report on Form 8-K.

Management Services Agreement

On April 9, 2013, the Company also entered into a Management Services Agreement with BDFD, pursuant to which BDFD has engaged the Company as an independent contractor to provide services related to BDFD's business, including general management services, accounting/IT/administrative services, and such other services as may be set forth on additional statements of work agreed upon from time to time by the Company and BDFD. The Company will be reimbursed for its costs allocated to the management services and will receive a general management fee to be agreed upon from time to time.

The term of the Management Services Agreement is for three years, unless earlier terminated in accordance with the agreement. Among other things, BDFD may terminate the

Management Services Agreement prior to the end of its three-year term based on the failure of BDFD to achieve certain franchise sales goals. Among other things, the Company may terminate the Management Services Agreement based on the sale of BDI's interest in BDFD. Upon any early termination of the Management Services Agreement, so long as BDFD continues to comply with its payment obligations, the Company will be obligated to make available, at BDFD's request, all or a portion of its services for a transitional period not to exceed 180 days.

The Management Services Agreement contains confidentiality provisions applicable to the Company and indemnification provisions applicable to both parties. The Management Services Agreement is governed by Colorado law.

A copy of the Management Services Agreement is attached as Exhibit 10.3 to this Current Report on Form 8-K.

License Agreement

As described above, as part of the Bad Daddy's Transaction, the Company also acquired pursuant to a License Agreement with BDFD the exclusive development rights for Bad Daddy's Burger Bar restaurants in Colorado (subject to certain conditions described below). The Company has formed a wholly-owned subsidiary, BD of Colorado LLC, a Colorado limited liability company ("BDC"), to develop its Bad Daddy's Burger Bar restaurants in Colorado. The License Agreement is for an initial term of 10 years, which is thereafter renewable by BDC for two additional 10-year terms upon written notice to BDFD.

The License Agreement requires that BDC develop at least two restaurants per year in Colorado over a five-year period, after which BDC may elect to develop additional Bad Daddy's Burger Bar restaurants in Colorado in numbers determined by it. In the event that the Company fails to comply with such development schedule, then (i) the Company's right to develop any additional Bad Daddy's Burger Bar restaurants in Colorado under the License Agreement will thereafter terminate automatically and (ii) BDFD may establish, operate or grant to other third parties the right to establish or operate Bad Daddy's Burger Bar restaurants in Colorado (but not in any area that is specified as a "Licensed Territory" with respect to an existing BDC restaurant as defined under the License Agreement). Pursuant to the Operating Agreement described above, BDC also has a right to develop Bad Daddy's Burger Bar restaurants in Arizona and Kansas (to the extent that such territory is not then subject to development rights by or part of the protected territory right of any third party) subject to approval of BDFD's Board of Managers, conditioned on certain performance requirements, and pursuant to a minimum development schedule to be agreed upon with BDFD.

Under the License Agreement, there will be no initial franchise fee for the first two restaurants; thereafter, the franchise fee will be $20,000 per restaurant for the next three restaurants and $10,000 per restaurants for additional restaurants. In addition, BDC will pay BDFD a fee of 3% of gross restaurant sales on a weekly basis and make contributions of up to 2% of gross sales to a national Bad Daddy's Burger Bar advertising fund.

The License Agreement may be terminated by BDFD in the event of any uncured default by BDC thereunder. In the event of termination, the License Agreement provides that BDFD will have an option to purchase the Bad Daddy's Burger Bar restaurants developed by BDC for a price mutually agreed by the parties or their independently appraised value. If that option is not exercised, the restaurants must be modified to eliminate the use of the Bad Daddy's Burger Bar identification and intellectual property. The License Agreement further provides that BDFD will have a right of first refusal to (i) purchase the restaurants in the event of the sale of Bad Daddy's Burger Restaurants by BDC, or (ii) purchase such interests in BDC or any Bad Daddy's Burger Bar restaurants for which the Company or any holder that owns at least 25% of the voting equity interests of the Company receives an offer from a prospective purchaser during the term of the License Agreement (except for the sale and leaseback of any License Site (as defined in the License Agreement).

A copy of the License Agreement is attached as Exhibit 10.4 to this Current Report on Form 8-K.

Term Sheet for Joint Venture Agreement

On April 9, 2013, the Company and BDC entered into a binding term sheet with Dennis L. Thompson and Joseph F. Scibelli (principals of BDI) for a joint venture agreement whereby Messrs. Thompson and Scibelli or BDI will own 20% of the first two Bad Daddy's Burger Bar restaurants to be developed and operated by BDC in Colorado and will contribute 20% of the capital requirements for those stores.

A copy of the term sheet for the joint venture agreement is attached as Exhibit 10.5 to this Current Report on Form 8-K.

Item 2.01 Completion of Acquisition or Disposition of Assets.

As described under Item 1.01 above, on April 9, 2013, the Company acquired 4,800 Class A Units of BDFD, representing a 48% voting membership interest in BDFD, for the aggregate subscription price of $750,000, pursuant to a Subscription Agreement between the Company and BDFD. The subscription price is payable in two equal installments, the first $375,000 installment on the date of execution of the Subscription Agreement, and the remaining $375,000 installment on or before the six month anniversary of the date of execution of the Subscription Agreement.

The Company paid the initial $375,000 installment of the subscription price on April 9, 2013 out of its working capital and intends to pay the remaining $375,000 installment of the subscription price due on or before November 9, 2013 out of working capital.

In addition to the remaining $375,000 installment of the subscription price, the Operating Agreement provides that the Company and BDI may be required to make additional capital contributions to BDFD of up to an aggregate of $1,000,000 upon written request of the Board of Managers. Such additional capital contributions, if required, will be in accordance with the

Company's and BDI's respective percentage interests in BDFD. Thus, the Company's portion of such additional capital contributions, if required, will be up to $480,000.

Pursuant to the Operating Agreement of BDFD, the Company has designated two managers of BDFD to serve on its five-member Board of Managers. The two managers designated by the Company are Boyd Hoback (a director and the President and Chief Executive Officer of the Company) and Alan Teran (a director of the Company). Messrs. Hoback and Teran are parties to the Operating Agreement in their capacities as managers of BDFD.

Boyd Hoback has also been appointed as the Chief Executive Officer of BDFD. In connection with his services as an officer of BDFD, Mr. Hoback has been granted an award of non-voting Class B Units in BDFD pursuant to a Class B Unit Grant Agreement dated April 9, 2013. The Class B Units are fully earned but subject to forfeiture, in all or in part, during the first 36 months after the grant date.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Pursuant to the Operating Agreement of BDFD, each of Boyd Hoback and Alan Teran has been appointed as a manager of BDFD, and Boyd Hoback has been appointed as the Chief Executive Officer of BDFD. Mr. Hoback has been granted an award of non-voting Class B Units in BDFD representing 5% of the total BDFD units pursuant to a Class B Unit Grant Agreement dated April 9, 2013. The Class B Units are fully earned but subject to forfeiture, in all or in part, during the first 36 months after the grant date.

Item 8.01 Other Events.

As set forth above, on April 15, 2013, the Company issued a press release announcing the Bad Daddy's Transaction. A copy of the Company's press release is filed herewith as Exhibit 99.1 to this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits. The following exhibits are filed as part of this report:

Exhibit Number	Description
10.1	Subscription Agreement dated April 9, 2013
10.2	Amended and Restated Operating Agreement of Bad Daddy's Franchise Development, LLC, dated April 9, 2013
10.3	Management Services Agreement dated April 9, 2013
10.4	License Agreement dated April 9, 2013
10.5	Term Sheet for Joint Venture Agreement dated April 9, 2013
99.1	Company Press Release dated April 15, 2013

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GOOD TIMES RESTAURANTS INC.

Date: April 15, 2013

/s/ Boyd E. Hoback
Boyd E. Hoback
President and Chief Executive Officer

SUBSCRIPTION AGREEMENT

THE UNDERSIGNED, Good Times Restaurants Inc., a Nevada corporation (" Subscriber "), hereby (i) irrevocably subscribes (this " Subscription ") for four thousand eight hundred (4,800) Class A Units of Bad Daddy's Franchise Development, LLC, a North Carolina limited liability company (the " Company "), and (ii) agrees to pay the subscription price for the Class A Units of Seven Hundred Fifty Thousand and No/100 Dollars ($750,000.00) (the " Subscription Price "). The Subscription Price shall be payable in two equal installments as follows: (i) one half of the Subscription Price shall be delivered to the Company in immediately available funds on the date Subscriber executes this Subscription Agreement (the " Effective Date "), and (ii) the remaining balance of the Subscription Price shall be delivered to the Company in immediately available funds on or before the six (6) month anniversary of the Effective Date.

The Subscriber hereby covenants, represents and warrants to the Company as follows, and acknowledges that each such covenant, representation and warranty is material to and intended to be relied upon by the Company:

1. Subscriber has had a reasonable opportunity to ask questions of and receive answers from a representative of the Company concerning the Company and to obtain any additional information, documents or instruments available without unreasonable effort or expense necessary to verify the accuracy of the information received by Subscriber or to answer any questions which Subscriber may have. All such questions have been answered to the full satisfaction of Subscriber. The Subscriber represents that it is not relying on oral information or representations in making its investment in the Company.

2. Subscriber acknowledges that no public or secondary market exists or may ever exist for the Class A Units and, accordingly, Subscriber will not be able to readily liquidate Subscriber's investment in such Class A Units. Subscriber (i) has adequate means of providing for Subscriber's needs and possible contingencies, (ii) has no need for liquidity in this investment, (iii) is able to bear the economic risks of an investment in the Class A Units, and (iv) can afford a complete loss of such investment. Subscriber recognizes that (A) an investment in the Class A Units involves numerous risks, (B) an investment in the Class A Units is highly speculative and (C) the Subscriber may lose its entire investment in the Class A Units.

3. Subscriber is purchasing the Class A Units solely for Subscriber's own account for investment purposes only and not for the account of any other person or for the distribution, assignment or resale to others, unless such distribution, assignment or resale is conducted in accordance with (i) the Securities Act of 1933, as amended (the " 1933 Act "), and (ii) the terms and conditions of that certain Amended and Restated Operating Agreement of Bad Daddy's Franchise Development, LLC dated as of the date hereof (the " Operating Agreement ").

4. The Class A Units were offered to Subscriber solely by private contacts and not by means of any form of general solicitation, advertisement or sales literature.

5. Subscriber acknowledges that all Class A Units to be acquired by Subscriber will be issued and sold without registration and in reliance upon certain exemptions under the 1933 Act and reliance upon certain exemptions from registration requirements under applicable state securities laws. Subscriber will make no transfer or assignment of any such Class A Units except in accordance with the Operating Agreement and in compliance with the 1933 Act and any applicable state securities laws.

6. Subscriber has full legal power and authority to execute, deliver and perform this Subscription and such execution, delivery and performance will not violate any agreement, contract, law, rule, decree or other legal restriction to which Subscriber is subject or bound.

7. Subscriber acknowledges that an investment in the Class A Units is subject to risks including, without limitation, the risk of total loss of Subscriber's investment in the Class A Units.

8. Subscriber acknowledges that Subscriber has been advised to procure Subscriber's own investment, tax and legal advice with regard to the merits and risks of this investment.

9. Subscriber was not formed for the specific purpose of acquiring the Class A Units.

10. Subscriber will, upon request, provide a copy of its organizational and governing documents to the Company.

11. Subscriber alone or together with persons retained by Subscriber with respect to this investment has such knowledge and experience in financial and business matters and investments that Subscriber is fully capable of evaluating the merits and risks of this investment.

12. Subscriber's principal office is set forth on the signature page of this Subscription Agreement.

13. This Subscription Agreement shall inure to the benefit of, and shall be binding upon the undersigned and its permitted assigns.

[Signature on following page]

IN WITNESS WHEREOF, the undersigned has caused this Subscription Agreement to be executed and delivered effective as of the Effective Date.

SUBSCRIBER:

GOOD TIMES RESTAURANTS INC.

Signature: */s/ Boyd Hoback*

Signatory Name: Boyd Hoback
Title: President, CEO
FEIN: 84-1133368

Date: April 9, 2013
Address: 601 Corporate Circle
Golden, CO 80401

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THE UNITS REPRESENTED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES COMMISSION OF ANY STATES IN RELIANCE UPON CERTAIN EXEMPTIONS FROM REGISTRATION. IN ADDITION, THE UNITS REPRESENTED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION IN RELIANCE UPON AN EXEMPTION FROM SUCH REGISTRATION SET FORTH IN THE SECURITIES ACT OF 1933, AS AMENDED (THE " SECURITIES ACT "), PROVIDED BY SECTION 4(2) THEREOF. THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT PURPOSES ONLY AND MAY NOT BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD OR TRANSFERRED, EXCEPT IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF THIS AGREEMENT (INCLUDING ARTICLE VIII) AND IN A TRANSACTION WHICH IS EITHER EXEMPT FROM REGISTRATION UNDER THE PROVISIONS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

AMENDED AND RESTATED OPERATING AGREEMENT OF BAD DADDY'S FRANCHISE DEVELOPMENT, LLC

THIS AMENDED AND RESTATED OPERATING AGREEMENT OF BAD DADDY'S FRANCHISE DEVELOPMENT, LLC (this " ***Agreement*** ") is made and entered into as of this 9th day of April, 2013 (the " ***Effective Date*** "), by and among the undersigned.

BACKGROUND

WHEREAS, Bad Daddy's Franchise Development, LLC (the " ***Company*** ") was formed on August 2, 2011 by the filing of the Articles of Organization with the North Carolina Department of the Secretary of State;

WHEREAS, effective as of December 26, 2011, Bad Daddy's International, LLC, a North Carolina limited liability company, and immediately prior to the date hereof the sole Member of the Company (" ***BDI*** "), entered into that certain Operating Agreement of Bad Daddy's Franchise Development, LLC (the " ***Original Operating Agreement*** ") and that certain License Agreement with the Company, as amended (as such may be further amended, restated, supplemented or replaced from time to time, the " ***License Agreement*** ") pursuant to which BDI granted to the Company a non-exclusive, limited right to use the Marks and the Bad Daddy's System (each as defined below) in connection with the franchising of the Bad Daddy's Restaurant concept;

WHEREAS, BDI desires to admit Good Times Restaurants Inc., a Nevada corporation (" ***Good Times*** "), as a new Member of the Company;

WHEREAS, in connection with the admission of Good Times as a new Member of the Company, the undersigned desire to amend and restate the Original Operating Agreement to herein set forth their agreements with respect to the Company; and

WHEREAS, simultaneously with the execution hereof, the Company and Good Times are entering into a management agreement, on such terms as are mutually acceptable to the Company and Good Times (the " ***Management Agreement*** "), pursuant to which Good Times shall provide certain management, administrative, accounting and back office services to the Company in exchange for a management fee.

NOW, THEREFORE, for and in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the adequacy, receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
ORGANIZATIONAL MATTERS

1.1 Formation. The Company was formed by the filing of the Articles of Organization with the North Carolina Department of the Secretary of State on August 2, 2011 in accordance with the provisions of the Act.

1.2 Operating Agreement. The Members agree to continue the Company as a limited liability company under the Act, upon the terms and subject to the conditions set forth in this Agreement, as amended from time to time. The Members hereby agree that during the term of the Company, the rights and obligations of the Members with respect to the Company will be determined in accordance with the terms and conditions of this Agreement and the Act.

1.3 Name. The name of the Company is "Bad Daddy's Franchise Development, LLC." The Board in its sole discretion may change the name of the Company at any time and from time to time. Notification of any such change shall be given to all Members. The Company's business may be conducted under its name or any other name or names deemed advisable by the Board.

1.4 Purpose. The business and purpose of the Company shall be to (a) own and operate a franchise company that grants to franchisees and licensees the non-exclusive right and license to develop and operate full-service, full-bar restaurants (each, a "***Bad Daddy's Restaurant***" or "***Restaurant***" and collectively, the "***Bad Daddy's Restaurants***" or "***Restaurants***") under the Bad Daddy's System, in accordance with the terms and conditions of franchise agreements, market development agreements, license agreements and other agreements entered into between such franchisees and licensees, on the one hand, and the Company, on the other hand (the "***Franchise Agreements***"), all in accordance with the License Agreement, (b) provide all services to and support of Bad Daddy's franchisees and licensees as are contemplated by the Franchise Agreements, (c) exercise all powers that may be exercised legally by limited liability companies under the Act and engage in any lawful business, purpose or activity in which a limited liability company may be engaged under the Act, and (d) engage in all activities necessary, customary, convenient, or incident to the foregoing and to such business and purpose in which a limited liability company may be engaged under the Act.

1.5 License of Bad Daddy's System. The "***Bad Daddy's System***" refers to the name "BAD DADDY'S BURGER BAR" and all other trade names, trademarks, service marks, logos, emblems, insignia and signs developed for use in connection with the Bad Daddy's Restaurants from time to time (collectively, the "***Marks***"); specially designed fixtures, equipment, facilities, containers, and other items used in serving and dispensing food products; products, methods, procedures, recipes, distinctive food products and the formula and quality standards therefor; and instructional materials and training courses and all operating manuals and related materials describing such, and specifically including the following: (a) décor, (b) uniform design elements (look and feel), (c) signage, (d) menus, and (e) any other aspects of operation of a Bad Daddy's Restaurant that is visible to the public, relates to the manner and composition of food products or directly affects customer experience. The Members agree that BDI is the sole owner of all right, title and interest in, and shall have the sole right to determine all aspects of and approve all variances from, the Bad Daddy's System, and that the Company's right to use the Bad Daddy's System is governed by and pursuant to the License Agreement.

1.6 Principal Office; Registered Office . The principal office of the Company shall be located at 601 Corporate Circle, Golden, Colorado 80401-5622 or such other place as the Board may from time to time designate. The Company may maintain offices at such other place or places as the Board deems advisable. The address of the registered office of the Company in the State of North Carolina shall be 601 South Kings Drive, Suite HH, Charlotte, North Carolina 28204, County of Mecklenburg and the registered agent for service of process on the Company in the State of North Carolina at such registered office shall be Frank Scibelli.

1.7 Term . The term of the Company commenced upon the filing of the Articles of Organization in accordance with the Act and shall continue in existence perpetually unless the Company is dissolved and its affairs would up in accordance with this Agreement or the Act.

1.8 No State-Law Partnership . The Members intend that the Company not be a partnership (including a limited partnership) or joint venture, and that no Member be a partner or joint venturer of any other Member by virtue of this Agreement, for any purposes other than as set forth in the last sentence of this Section 1.8 , and neither this Agreement nor any other document entered into by the Company or any Member relating to the subject matter hereof shall be construed to suggest otherwise. The Members intend that the Company shall be treated as a partnership for federal and, if applicable, state or local income tax purposes, and that each Member and the Company shall file all tax returns and shall otherwise take all tax and financial reporting positions in a manner consistent with such treatment.

1.9 Company Property . No real or other property owned by the Company shall be deemed to be owned by any Member individually, but shall be owned by and title thereto shall be vested solely in the Company.

1.10 Defined Terms . All capitalized terms used but not otherwise defined in the text hereof shall have the meanings ascribed to them in Article XI below.

ARTICLE II
UNITS, CAPITAL CONTRIBUTIONS AND CAPITAL ACCOUNTS

2.1 Units.

(a) Capitalization . Each Member's interest in the Company, including such Member's interest, if any, in the capital, income, gains, losses, deductions and expenses of the Company and the right to vote, if any, on certain Company matters as provided in this Agreement shall be represented by units (each, a " ***Unit*** "). The Company shall have two (2) authorized classes of Units, designated as Class A Units and Class B Units, upon the terms and conditions set forth in this Agreement. The ownership by a Member of Units shall entitle such Member to allocations of Net Profits, Net Losses, and other items, and distributions of cash and other property, as set forth in Articles V, VI and IX . Notwithstanding anything to the contrary set forth herein or in the Act, the Class B Units shall be non-voting for all purposes. Units shall be issued in uncertificated form.

(b) Outstanding Units . The name of each Member, the current number and class of Units owned by such Member and the Percentage Interest of such Member shall be as set forth next to such Member's name on **Schedule A** , as amended from time to time in accordance with this Agreement.

(c) Class B Units . The Class B Units are intended to be issued as "profits interests" in the Company as defined by applicable revenue procedures issued under the Code (specifically, Rev. Proc. 93-27, 1993 2 C.B. 343, as clarified by Rev. Proc. 2001-43, 2001 2 C.B. 191). The Board shall have authority to issue up to such number of Class B Units as equal an aggregate Percentage Interest of fifteen percent (15%). In addition to the provisions hereof, all Class B Units shall be subject to the terms

and conditions of a grant agreement governing the grant of such Units to the holders thereof, in such form as determined by the Board (a " ***Grant Agreement*** ").

2.2 Members' Capital Contributions.

(a) Initial Capital Contributions . Prior to the Effective Date, BDI has made Capital Contributions of cash and property to the Company in an amount equal to $562,500.00. On the Effective Date, the Class A Members have made Capital Contributions to the Company, including Good Times' initial Capital Contribution, in the following amounts:

Class A Member	Additional Capital Contribution
Good Times	$375,000.00
BDI	$125,000.00

(b) Mandatory Additional Capital Contributions .

(i) Amounts of Mandatory Additional Capital Contributions . On or before the date that is six (6) months following the Effective Date, the Class A Members shall be required to make the following additional Capital Contributions, without any notice or other action on the part of the Board being required.

Class A Member	Additional Capital Contribution
Good Times	$375,000.00
BDI	$125,000.00

(ii) Failure to Contribute . If either Class A Member fails to make the additional Capital Contributions required by Section 2.2(a) above when due, a notice of default shall be given to such defaulting Class A Member by the Board. The defaulting Class A Member may not make less than the full amount of such required additional Capital Contribution, and the making by the defaulting Class A Member of less than the full amount of such required additional Capital Contribution shall be a default. If the full amount of such required Capital Contribution is not received by the Company within three (3) Business Days after receipt of such notice of default, the Company shall have the right, but not the obligation, to redeem all of the Class A Units held by the defaulting Class A Member, by giving written notice thereto. The redemption price payable by the Company for the defaulting Member's Class A Units shall be $100.00. The closing of the redemption of the defaulting Member's Class A Units pursuant to this Section 2.2(b) shall occur within ninety (90) days following delivery of notice of the Company's election to redeem such Class A Units.

(c) Other Additional Capital Contributions . The Board shall monitor the capital needs of the Company and, if the Board reasonably determines that an operating deficit or anticipated operating deficit requires the expenditure of funds that exceed funds then available to the Company, and such expenditure is in the Board's judgment reasonably necessary in order to continue the operation of the Company or for purposes of funding non-discretionary items, then the Class A Members shall be notified of such operating deficit or anticipated operating deficit.

(i) Other Mandatory Additional Capital Contributions . In connection with the foregoing in this Section 2.2(c) , the Class A Members hereby agree that they shall be required to make additional Capital Contributions to the Company of up to $1,000,000 in the aggregate during the existence of the Company upon the written request therefor from the Board. Such additional Capital Contributions shall

be made by such Class A Members to the Company pro rata in accordance with their Percentage Interests of the Class A Units. Any such additional Capital Contributions shall be made by the Class A Members within fifteen (15) days after such call by the Board is made; provided , however , in the event of an emergency, the Board may specify an earlier date for delivery of such additional Capital Contributions as may be reasonably necessary under the circumstances. If a Class A Member fails to make an additional Capital Contribution required by this Section 2.2(c)(i) when due (such a Member is herein referred to as a " ***Defaulting Contributor*** "), a notice of default shall be given to such Class A Member by the Board. A Class A Member may not make less than the full amount of a required additional Capital Contribution, and the making by a Class A Member of less than the full amount of a required additional Capital Contribution shall be a default. If the full amount of such required Capital Contribution is not received by the Company within three (3) Business Days after the Defaulting Contributor's receipt of such notice of default, the Board and the other Class A Member(s), as applicable, may pursue any one or more of the following remedies:

(A) The other Class A Member(s) shall have the option, but not the obligation, to make the Defaulting Contributor's required Capital Contribution on behalf of the Defaulting Contributor and treat the amount of such Capital Contribution as a loan to the Defaulting Contributor. Any such loan shall be made by those Class A Member(s) who elect to do so (such Members are referred to as the " ***Loaning Members*** ") pro rata to the aggregate Percentage Interests of the Loaning Members (calculated without regard to the Units held by the Defaulting Contributor) or in such other proportions as they agree, shall bear interest at LIBOR (three month) plus 3%, compounded monthly, shall be secured by the Defaulting Contributor's Member's Units in the Company pursuant to Uniform Commercial Code in effect in North Carolina, and shall be due and payable six (6) full months from the date thereof. Further, such loan(s) shall be payable from time to time prior to the final due date therefor out of any and all distributions that otherwise would be payable to the Defaulting Contributor under this Agreement and such amounts shall be paid as a prepayment of such loan. Any prepayments attributable to any distributions that otherwise would be payable to the Defaulting Contributor shall be allocated among the Loaning Members in proportion to the amount of the Defaulting Contributor's Capital Contribution funded by each such Loaning Member. All distributions which would otherwise be made pursuant to this Agreement to a Defaulting Contributor shall be made to the Loaning Members (being deemed a payment on behalf of the Defaulting Contributor) until all loans of such Defaulting Contributor made pursuant to this Section 2.2(c)(i) have been repaid in full. If any such loan is not paid in full on or before its due date, the Defaulting Contributor shall be in default thereunder, and the Loaning Members shall have the right to exercise any of the remedies of a secured creditor under the laws of the State of North Carolina, including its Uniform Commercial Code, against the Defaulting Contributor, and shall also have the right to treat the amount in default (including any accrued but unpaid interest) as an additional Capital Contribution to the Company.

(B) If a Majority Interest of the Loaning Members determines that the amount in default should be treated as an additional Capital Contribution to the Company by the Loaning Members, the number of Class A Units held by each of the Class A Members shall be re-determined as of the date of such default in accordance with the following: the aggregate Capital Contributions made to the Company by each Class A Member shall be determined, and the aggregate outstanding principal amount loaned to the Defaulting Contributor by each Loaning Member, plus accrued but unpaid interest thereon, shall be treated as a Capital Contribution made by the Loaning Members and no portion of any such amount shall be treated as a Capital Contribution by the Defaulting Contributor. The aggregate Capital Contributions so determined for each Class A Member, including the Defaulting Contributor, are referred to herein as the " ***Total Capital Contributions*** ." The re-determined Class A Units of each of the Class A Members shall then be the amount equal to (A) the number of Class A Units outstanding immediately prior to such additional Capital Contributions multiplied by (B) a percentage determined by dividing the Total Capital Contribution for each Class A Member by the sum of the Total Capital Contributions of all Class A Members. The Percentage Interest of each Class A Member shall then be re-calculated accordingly.

(C) The Company shall have the right to institute legal proceedings to collect the Defaulting Contributor's required Capital Contribution or to pursue any other remedies available at law or in equity.

(ii) Elective Additional Capital Contributions . Except as set forth in Section 2.2(b) and Section 2.2(c)(i) above, no Class A Member shall be required to make additional Capital Contributions to the Company. Notwithstanding the foregoing, the Board may make a call for additional Capital Contributions by the Class A Members. Additional Capital Contributions shall be made by such Class A Members to the Company pro rata in accordance with their Percentage Interests. Any such additional Capital Contributions shall be made by the Class A Members within fifteen (15) days after such call by the Board is made; provided , however , in the event of an emergency, the Board may specify an earlier date for delivery of such additional Capital Contributions as may be reasonably necessary under the circumstances. If a Class A Member elects not to make or otherwise fails to make an additional Capital Contribution pursuant to this Section 2.2(c)(ii) when due (such a Class A Member is herein referred to as a " ***Non-Contributing Member*** "), notice shall be given to the Non-Contributing Member by the Board. If the full amount of such Capital Contribution is not received by the Company within three (3) Business Days after the Non-Contributing Member's receipt of such notice, the other Class A Members shall have the option, but not the obligation, to make the Non-Contributing Member's Capital Contribution. Any such payment shall be made by those Class A Members who elect to do so (such Class A Members are referred to as the " ***Contributing Members*** "), pro rata to the aggregate Percentage Interests of the Contributing Members or in such other proportions as they agree, and shall be treated as an additional Capital Contribution to the Company by the Contributing Members, unless the Contributing Members elect to put such additional funds into the Company as a loan, on the terms set forth in Section 2.2(c)(i)(A) above. The Class A Members' Class A Units shall be redetermined as of the date of such payment in the manner set forth in Section 2.2(c)(i)(B)

(d) No Capital Contributions by Class B Members . No Class B Member shall be required to make any Capital Contributions to the Company, and the Board shall not make a call for additional Capital Contributions by the Class B Members.

2.3 Loans .

(a) Generally . Subject to the other provisions hereof, the Board, from time to time, may cause the Company to borrow funds from any Person, including any Member or any Affiliate of a Member, for any Company purpose upon commercially reasonable terms. No Member or any Affiliate of a Member shall be required or permitted to make any loans or otherwise lend any funds to the Company, except as approved by such Member and the Board. No loans made by any Member or its Affiliate to the Company shall have any effect on such Member's Percentage Interest (including without limitation the number of Units owned by the Member), such loans representing a debt of the Company payable or collectible solely from the assets of the Company, non-recourse to any Member (including a Manager), in accordance with the terms and conditions upon which such loans were made.

(b) Member Guaranty Obligations; Indemnity for Obligations.

(i) Guaranty of Obligations. Each Class A Member agrees that in the event the Company borrows funds from a commercial lender or a Member or an Affiliate thereof, executes a lease or enters into any other financial obligations (" ***Obligations*** ") and such lender, lessor or other person requires that the Obligations be personally guaranteed, each Class A Member will, at the request of the Board, guarantee a portion thereof equal to such Class A Member's Percentage Interest, which guarantee shall not be joint and several. A Class A Member may, but shall not be required to, guarantee more than such Class A Member's Percentage Interest.

(ii) Indemnity for Obligations. Each Member agrees, for the benefit of the other Members, to: (A) pay its proportionate share of any Obligations that are personally guaranteed by all of the Members if called upon to do so by the applicable lender; and (B) indemnify and hold harmless all other Members to the extent of any payments of such guaranteed indebtedness made by any of the other Members that are attributable to the indemnifying Member's proportionate share thereof. For the purposes of this Section 2.3(b)(ii) , "proportionate share" shall mean such indemnifying Member's Percentage Interest at the time the Member to be indemnified pays a portion of such guaranteed Obligations that is attributable to the indemnifying Member. The provisions of this Section 2.3(b)(ii) are for the benefit of the Members only and no third party is or is intended to be benefited hereby.

(iii) LIMITATION. NOTWITHSTANDING THE PROVISIONS OF SECTION 2.3(b) , ANY LOAN TO THE COMPANY BY ANY MEMBER NOT (A) HAVING AUTHORIZATION IN WRITING BY THE BOARD, (B) EVIDENCED BY A PROMISSORY NOTE FOR THE SPECIFIC AMOUNT WITH REPAYMENT TERMS SPECIFICALLY DEFINED IN THE NOTE AND (C) EXECUTED ON BEHALF OF THE COMPANY BY THE BOARD SHALL NOT BE A DEBT OF THE COMPANY NOR A LIABILITY OF ANY MEMBER, EXCEPT, IF A CLASS A MEMBER SHOWS IT WAS MADE WITH ACTUAL KNOWLEDGE AND APPROVAL OF THE OTHER CLASS A MEMBERS, IT SHALL BE REPAYABLE AS A LOAN PRIOR TO DISTRIBUTIONS OF CAPITAL.

2.4 Withdrawal; Reduction of Members' Capital Contributions . No Member shall be entitled to withdraw any part of such Member's Capital Contributions or to receive any distribution except as expressly provided herein and no Member shall have the right to receive property other than cash. Except as otherwise provided herein, no Member shall have priority over any other Member as to the return of any Capital Contributions or the right to receive any distributions from the Company other than in the form of cash.

2.5 No Interest on Capital Contributions . Members shall not be paid interest on their Capital Contributions.

2.6 Return of Capital Contributions . Except as otherwise provided in this Agreement, no Member shall have the right to receive the return of any Capital Contribution.

2.7 Form of Return of Capital . If a Member is entitled to receive a return of a Capital Contribution hereunder, the Member shall not have the right to receive any form of consideration other than cash in return of such Member's Capital Contribution.

2.8 Nature of Interest; Prohibition on Pledge . The Units shall for all purposes be personal property. As provided in Section 1.9 above, no Member has any interest in specific Company property. Each Member hereby waives any and all rights such Person may have to initiate or maintain any suit or action for partition of the Company's assets. A Member shall be permitted to pledge his, her or its Units as collateral for a loan or for any other purpose, provided that in the event of default as to such pledge with respect to which the pledgee exercises its rights thereunder, the pledgee (and any transferee thereof) shall automatically become solely an Economic Interest Owner and cease to have any rights hereunder with respect to the management of the Company, including, without limitation, the right to appoint Managers pursuant to Section 3.4(a) below.

2.9 Capital Accounts . A capital account shall be established and maintained for each Member in accordance with the rules of Section 1.704-1(b)(2)(iv) of the Treasury Regulations (each, a " ***Capital Account*** "). Each Member's Capital Account shall be increased by (a) the amount of money contributed by such Member to the Company, (b) the Fair Market Value of property contributed by such Member to the Company (net of liabilities secured by the contributed property that the Company is

considered to assume or take subject to under Section 752 of the Code), and (c) allocations to such Member of Net Profits and items of income and gain specially allocated to such Member under Section 6.3 . Each Member's Capital Account shall be decreased by (i) the amount of money distributed to such Member by the Company, (ii) the Fair Market Value of property distributed to such Member by the Company (net of liabilities secured by the distributed property that the Member is considered to assume or take subject to under Section 752 of the Code), and (iii) allocations to such Member of Net Losses and items of loss and deduction specially allocated to such Member under Section 6.3 . The Capital Accounts also shall be maintained and adjusted as permitted by the provisions of Section 1.704-1(b)(2)(iv)(f) of the Treasury Regulations and as required by the other provisions of Sections 1.704-1(b)(2)(iv) and 1.704-1(b)(4) of the Treasury Regulations. On the Transfer of all or a portion of a Member's Units, the Capital Account of the transferor that is attributable to the transferred Units shall carry over to the transferee Member in accordance with the provisions of Section 1.704-1(b)(2)(iv)(1) of the Treasury Regulations. For purposes hereof, the Fair Market Value of any property shall be such amount as is determined by the Board.

2.10 Negative Capital Accounts . No Member shall be required to pay to any other Member or the Company any deficit or negative balance that may exist from time to time in such Member's Capital Account (including upon and after dissolution of the Company).

ARTICLE III
MANAGEMENT OF THE COMPANY

3. 1 Management by the Board.

(a) General . Subject to the other terms of this Agreement (including, without limitation, Section 3.4(a)(iii) below), (i) the business and affairs of the Company and its subsidiaries shall be managed exclusively by the Board of Managers of the Company (the " ***Board*** ") and (ii) the Board shall have full, absolute and complete discretion to manage and control the business and affairs of the Company and its subsidiaries, to make all decisions affecting the business and affairs of the Company, to take all actions, and to consent or withhold consent with respect to any matter it deems necessary or appropriate to accomplish the purposes and direct the business and affairs of the Company and its subsidiaries. The Board shall approve all franchisees of the Bad Daddy's System and the territory to be developed thereby. The Board shall have the right to delegate such authority from time to time and to such parties as it shall deem appropriate. It is the intention of the Members that, subject to the other terms of this Agreement, the Board's powers be as broad as the Act may now or hereafter envision, and that any powers that may be confirmed only by contract are deemed to be explicitly conferred to the Board hereby.

(b) Authority to Bind the Company . Subject to the other terms of this Agreement, the Board shall have the sole power and authority to bind the Company and no Member shall have any authority to bind the Company. In furtherance thereof, all contracts, agreements and other documents or instruments affecting or relating to the business and affairs of the Company may be executed on the Company's behalf only by a Manager or a duly authorized officer appointed by the Board pursuant to Section 3.2 hereof (provided in each case that the requisite Board approval with respect thereto has been secured in accordance with this Agreement).

3.2 Officers . The Board may appoint in writing, from time to time, such officers of the Company as the Board deems necessary or advisable, each of whom shall have such title, powers, authority and responsibilities (including without limitation, the power and authority to sign documents on behalf of the Company) as are delegated by the Board from time to time; provided , however , that the Board may only delegate power, authority and responsibility as is granted by this Agreement to the Board and in no event shall any officer of the Company have any power, authority or responsibility in excess of that of the Board. Each such officer shall be subject to removal by the Board in the Board's sole and absolute discretion, with

or without cause, provided that for so long as the Management Agreement is in effect, and provided that they are then employed by the Company or Good Times, Boyd Hoback and Scott Somes may be removed from the offices set forth below only for Cause. The officers of the Company may include, but shall not be limited to the following: Chairman, Chief Executive Officer and President whose responsibilities shall include overseeing the execution of the Business Plan, formulating long term strategy and plans for franchising growth for the Company for approval by the Board, upon the request of the Board arranging financing for the Company, and the general direction of the other officers and employees of the Company, Chief Financial Officer, Chief Operating Officer whose responsibilities shall include overseeing the day-to-day operations of the Company and executing the Business Plan, Vice Presidents, Controller and Secretary. The officers of the Company as of the Effective Date shall be the following to serve until his or her resignation, removal, death or Disability:

Dennis Thompson	Co-Chairman
Frank Scibelli	Co-Chairman
Boyd Hoback	Chief Executive Officer
Scott Somes	Chief Operating Officer

3.3 Management Services . On the Effective Date, the Company and Good Times shall enter into the Management Agreement in the form attached hereto as Exhibit A , pursuant to which Good Times shall provide to the Company certain management, administrative, accounting and back office services to the Company in exchange for a management fee, payable in accordance with the terms of the Management Agreement. Notwithstanding anything to the contrary set forth herein, all decisions made with respect to the Management Agreement and/or Good Times performance thereunder, including the right to terminate the Management Agreement in accordance with its terms, shall be made by a majority of the Board.

3.4 Board of Managers.

(a) Duties of the Managers.

(i) Duties . As of the Effective Date, there shall be five (5) Managers. The number of Managers of the Company shall be fixed from time to time by the vote of a Majority Interest of the Members, but in no instance shall there be less than one (1) Manager. Each Manager shall devote whatever time, effort and skill as he or she reasonably believes is required to fulfill such Manager's obligations under this Agreement and shall act in a manner such Manager determines, in good faith, to be in the best interests of the Company and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

(ii) Manager's Time and Effort; No Conflicts on Restrictions or Other Activities . Subject to Section 4.8 below, (A) each Manager and his, her or its Affiliates may engage or invest in, and devote his, her or its time to, any other business venture or activity of any nature and description (independently or with others), including without limitation, those that may compete with any aspect of the business of the Company and (B) such Manager and his, her or its Affiliates acting on his, her or its own behalf may engage in whatever activities such Person chooses without having or incurring any obligation to offer any interest in such activities to the Company or any Member or require any Member to permit the Company or any Member to participate in any such activities, and as a material part of the consideration for the execution of this Agreement by each Member, each Member hereby waives, relinquishes, and renounces any such right or claim of participation. Notwithstanding the foregoing, no Manager shall engage in the ownership or operation of a casual full-service restaurant which has a full-service bar and as to which more than fifteen percent (15%) of its revenues are from hamburgers; provided , however , the foregoing shall not prohibit or otherwise limit Dennis Thompson's indirect ownership of BT's Burger Joint in the amounts currently owned thereby.

(iii) Management of Day to Day Affairs . Notwithstanding the other provisions of this Article III , for so long as the Management Agreement is in effect, Good Times shall manage the day-to-day operations of the Company within the guidelines set forth in a business plan of the Company prepared by the Board on a Fiscal Year basis (each, a " ***Business Plan*** "). The Business Plan shall set forth all material activities of the Company in reasonable detail and provide a budget and specify strategic plans of the Company for the ensuing Fiscal Year. The initial Business Plan with respect to the 2013 Fiscal Year shall be prepared and approved by the Board within thirty (30) days following the date hereof. The Business Plan with respect to each Fiscal Year after the 2013 Fiscal Year shall be prepared by the Board within thirty (30) days prior to the first day of the Fiscal Year covered thereby. The Board shall exercise reasonable best efforts to approve such Business Plan prior to the commencement of the Fiscal Year covered thereby. If the Business Plan is not approved by the Board prior to the commencement of the Fiscal Year covered thereby, the Business Plan for the preceding Fiscal Year shall control. During the period in which Good Times is responsible for the day-to-day operations of the Company, Good Times shall be required to obtain the approval of the Board with respect to (A) any single capital or operating expenditure of the Company, if such expenditure is not expressly provided for in the Business Plan adopted and applicable for the respective Fiscal Year and exceeds $20,000 in the aggregate for that particular Fiscal Year, or (B) any action outside of the ordinary course of business of the Company that is not expressly described in the then current Business Plan, prior to taking any such action. Good Times shall prepare and distribute to the Board within fifteen (15) business days after the end of each calendar month a report containing such information as is requested by the Board, relating to the day-to-day operations of the Company, and shall promptly on an ongoing basis provide such information, copies of books, records or other materials, or data as the Board may request. Notwithstanding the foregoing, to the extent any questions arise in the day-to-day operations of the Company with respect to the implementation and/or details of the Bad Daddy's System, including the look and feel of a particular Restaurant , Good Times shall resolve such questions in accordance with instructions from BDI.

(b) Composition of the Board.

(i) The Board shall be comprised of five (5) Managers appointed as follows:

(A) BDI shall have the right to appoint, and each Class A Member hereby agrees to vote at any regular or special meeting of the Members (or give written consent with respect thereto) all Class A Units then owned thereby (or as to which such Class A Member then has voting power) in favor of, three (3) Managers nominated by BDI (the " ***BDI Managers*** "). The BDI Managers as of the Effective Date shall be Dennis Thompson, Frank Scibelli and Eric Fenner.

(B) Good Times shall have the right to appoint, and each Class A Member hereby agrees to vote at any regular or special meeting of the Members (or give written consent with respect thereto) all Class A Units then owned thereby (or as to which such Class A Member then has voting power) in favor of, two (2) Managers nominated by Good Times (the " ***Good Times Managers*** "). The Good Times Managers as of the Effective Date shall be Boyd Hoback and Alan Teran.

(C) Notwithstanding anything set forth above to the contrary, in the event that for any reason Good Times becomes and remains the owner of more than fifty percent (50%) of the Class A Units then outstanding, there shall thereafter be three (3) Managers appointed by Good Times and two (2) Managers appointed by BDI.

(ii) Removal . Subject to, and as limited by the express provisions of this Agreement, a Manager may only be removed by (A) the Class A Member appointing such Manager or (B) for Cause, as determined in good faith by the Board. On all matters relating to the removal of one or more Managers of the Company, each Class A Member shall vote at regular or special meetings of the

Members (or give written consent with respect thereto) all Class A Units then owned (or as to which such Member then has voting power) as may be necessary to remove from the Board any Manager selected for removal as set forth above in the preceding sentence. Any vacancy created by such removal shall be filled pursuant to Section 3.4(b)(i) . No Manager appointed pursuant to Section 3.4(b)(i) may be removed other than for Cause without the vote or written consent of the Member entitled to nominate such Manager pursuant to Section 3.4(b)(i) . In the event of the resignation, death or disqualification of a Manager, the Member entitled to designate such Manager shall promptly nominate a new Manager in accordance with Section 3.4(b)(i) , and each Class A Member shall promptly vote his, her or its Class A Units to elect such nominee to the Board.

(iii) Term of Office; Resignation. Each Manager shall hold office until such Manager's successor is appointed as provided above or until such Manager's earlier resignation, removal, death or Disability. Any Manager of the Company may resign at any time by giving written notice to the Board. The resignation of any Manager shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Subject to, and as limited by the express provisions of this Agreement, only the Member who appointed such Manager may fill any vacancy or vacancies in the Board caused by any such resignation. However, the successor Manager must be approved by vote of a Majority Interest. Managers need not be residents of the State of North Carolina or Members of the Company.

(c) Meetings of the Board.

(i) Meetings of the Board shall be held at least quarterly, unless otherwise approved by the Board, and may be held at such place, within or without the State of North Carolina, designated by any three (3) Managers and of which all Managers are given not less than 48 hours' notice. Managers may participate in a meeting of the Board in person or by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting. Subject to Section 3.4(d) below, at any meeting of the Board, the vote of a majority of the Managers, whether or not present at such meetings, shall be necessary to take any action. For such purpose, each Manager shall have one vote.

(ii) Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if the requisite number of Managers required to otherwise take such action pursuant to the terms of this Agreement consent to the action in writing, provided that notice of such action was provided by the Board to all members of the Board prior to such action being consented to. All written consents shall be filed with the minutes of the proceedings of the Board.

(d) Limitations on Authority of the Managers . In addition to such other limitations as may be expressly imposed upon the Managers pursuant to any other provisions of this Agreement, no Manager shall be authorized to undertake any of the following without the prior written consent of all Class A Members, unless such action shall have been specifically authorized in the then current Business Plan:

(i) Make any distributions of Net Available Cash prior to the date that is the third (3 rd) anniversary of the Effective Date (other than distributions pursuant to Section 5.2 below);

(ii) Borrow money for the Company from banks, other lending institutions, any Manager, Member, or Affiliates of any Manager or Member (other than as expressly contemplated by Section 2.2(c)), and/or hypothecate, encumber, and grant security interests in the assets of the Company to secure repayment of the borrowed sums;

(iii) Approve or effect the merger of the Company with another Entity or sell substantially all of the assets of the Company (except as otherwise contemplated by Section 8.6 hereof);

(iv) Change the nature of the business conducted by the Company;

(v) Dissolve, liquidate or wind-up the Company;

(vi) File a voluntary petition in bankruptcy on behalf of the Company or any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for the Company under the present or any future federal bankruptcy act or any other present or future applicable federal, state or other statute or law relative to bankruptcy, insolvency, or other relief for debtors;

(vii) Terminate the Management Agreement during the first three (3) years following the Effective Date other than upon a breach or default by Good Times under the terms thereof that is not cured within the period provided therein, if any; and

(viii) Admission of a new Member (other than pursuant to a Transfer made in accordance with Article VIII below).

(e) Company Territories . The Board shall meet from time to time and discuss those territories that it believes should be developed by the Company and its Members and their respective Affiliates and those that should be franchised. In connection with the foregoing:

(i) For so long as BD of Colorado LLC, a Colorado limited liability company to be formed promptly following the date hereof and majority owned by Good Times (" ***BD of Colorado*** "), is in full compliance with the Development Schedule set forth in that certain License Agreement of even date herewith, by and between the Company and BD of Colorado (the " ***Original BD of Colorado License*** ") , (A) any franchise sale in the States of Colorado, Kansas and Arizona must be approved by at least a majority of the Board, including the Good Times Managers. In the event the Good Times Managers elect not to approve a franchise prospect that (I) desires to develop a territory in such States through a reasonably acceptable development schedule, (II) is reasonably qualified for such opportunity and otherwise meets the Company's new franchisee sales criteria, including possessing the requisite operating experience and net worth, and (III) has been approved by the BDI Managers, Good Times shall cause BD of Colorado to (x) execute a license agreement (substantially in the form of the Original BD of Colorado License) to develop the territory requested by such prospect within twelve (12) months following the date of such approval by the BDI Managers or, if multiple stores are to be developed, pursuant to a development schedule agreed upon by Good Times and BDI, and (y) pay the license fee applicable to that store number (as set forth in the Original BD of Colorado License); and (B) assuming the BD of Colorado Bad Daddy's Restaurants then open are performing at least as well as the average franchisee-owned Bad Daddy's then open, Good Times shall at any time have the right to develop territories in the States of Arizona and/or Kansas (to the extent that such territory is not then subject to development rights by or part of the protected territory of any third party) pursuant to a new license agreement with the Company (in substantially the form of the Original BD of Colorado License), provided that the development schedule proposed therefor by Good Times is demographically and otherwise comparable to the development schedule for Colorado and is approved by the Board, with such approval not to be unreasonably withheld. Notwithstanding the foregoing, the rights granted to BD of Colorado in this Section 3.4(e)(i) shall not apply with respect to those franchisee prospects with whom the Company is engaged in discussions with respect to the greater Kansas City area as of the date of this Agreement.

(ii) Any franchise sale in the States of North Carolina and Virginia and the greater Charleston, SC area must be approved by at least a majority of the Board, including the BDI Managers. In the event the BDI Managers elect not to approve a franchise prospect that (A) desires to develop a territory in such States or metropolitan area, as applicable, (B) otherwise meets the Company's new franchisee sales criteria, including possessing the requisite operating experience and net worth, and (C) has been approved by the Good Times Managers, BDI shall or shall cause an entity majority owned and controlled (directly or through majority owned and controlled subsidiaries), collectively, by BDI, Dennis Thompson and/or Frank Scibelli (a " ***BDI Entity*** "), to execute either (x) if the BDI Entity or any Affiliate thereof will manage the-day-to-day affairs of a Restaurant to be developed, a license agreement with BDI and a services agreement with the Company (substantially in the form of the agreements executed by Bad Daddy's Burger Bar, LLC, a North Carolina limited liability company and wholly-owned subsidiary of BDI) (the " ***BDBB Form Agreements*** "), or (y) if the BDI Entity or any Affiliate thereof will not manage the-day-to-day affairs of a Restaurant to be developed, a license agreement with the Company substantially in the form of the license agreement entered into by Bad Daddy's Burger Bar of Cary, LLC and the Company, as amended (the " ***Cary License*** "), in each case to develop the territory requested by such prospect within twelve (12) months following the date of such approval by the Good Times Managers or, if multiple stores are to be developed, pursuant to a development schedule agreed upon by Good Times and BDI.

(iii) In the event BDI or a BDI Entity develops future Restaurants (which they can do at any time upon the approval of a majority of the Board), they shall be required to execute agreements substantially similar to (and with the same economic terms as) (A) the BDBB Form Agreements in connection therewith if they will manage the day-to-day affairs of the Restaurants to be developed or (B) the Cary License in connection therewith if they will not manage the day-to-day affairs of the Restaurants to be developed. In the event Good Times or its majority-owned and controlled subsidiaries, including BD of Colorado develop future Restaurants, they shall be required to execute agreements substantially similar to (and with the same economic terms (other than development rights) as) the Original BD of Colorado License in connection therewith.

Notwithstanding anything to the contrary set forth herein or in any other document related to the Restaurants, the parties agree that with respect to all Restaurants owned in whole or in part by BDI, such Restaurant shall not be required to implement and/or upgrade any technological, accounting or computing systems unless and until (a) such systems are approved by BDI, which approval shall not be unreasonably withheld, and (b) sufficient time (as reasonably determined by BDI) is provided for such implementation and/or upgrades to allow for appropriate cost and transition planning.

(f) Good Times Public Filings . As of the Effective Date, Good Times' securities are publicly traded on Nasdaq Capital Markets, and in connection therewith Good Times is required to comply with the Securities Exchange Act of 1934 and the rules and regulations promulgated by the Securities Exchange Commission, as well as those of the exchange upon which its securities are listed. Good Times hereby agrees that BDI shall be provided the opportunity to review, comment upon and approve any public filings or disclosures made thereby that disclose any information and/or make any statements about the Company, the Bad Daddy's System or BDI. Drafts of such filings or disclosures shall be provided to BDI as soon as reasonably practicable, but in any event at least two (2) Business Days prior to the date on which they are proposed to be publicly filed or made, as applicable, and BDI's comments shall be due to Good Times within two (2) Business Days of its receipt thereof.

(g) Compensation of Managers . Except as provided in any written employment agreement or as approved by all Class A Members, Managers, as such, shall not receive any stated salary for their services, but shall receive reimbursement for out-of-pocket expenses related to attendance at

each regular or special meeting of the Board and reasonably incurred when acting or conducting business on behalf of the Company.

3.5 Performance of Duties; No Liability of Managers . No Member shall have any duty to the Company or any other Member of the Company except as expressly set forth herein or in other written agreements. No Manager or officer shall be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member, unless the loss or damage shall have been the result of fraud or intentional misconduct by such Manager or officer. In performing his, her or its duties, each such Person shall be entitled to rely in good faith on the provisions of this Agreement and on information, opinions, reports or statements (including financial statements and information, opinions, reports or statements as to the value or amount of the assets, liabilities, profits or losses of the Company or any facts pertinent to the existence and amount of assets from which distributions to Members might properly be paid) of the following other Persons or groups: one or more employees of the Company, any lawyer, independent accountant, appraiser or other expert or professional employed or engaged by or on behalf of the Company or the Board, or any other Person who, in the case of any of the foregoing, has been selected with reasonable care by or on behalf of the Company or the Board, in each case as to matters which such relying Person reasonably believes to be within such other Person's competence. The preceding sentence shall in no way limit any Person's right to rely on such information to the extent provided in the Act. No Member, Manager or officer shall be personally liable under any judgment of a court, or in any other manner, for any debt, obligation or liability of the Company, whether that liability or obligation arises in contract, tort or otherwise, solely by reason of being a Member, Manager or officer.

3.6 Transactions Between the Company and the Members . Notwithstanding that it may constitute a conflict of interest, but subject to the terms and conditions of this Agreement, the Members and the Managers and their respective Affiliates may engage in any transaction (including the purchase, sale, lease or exchange of any property, lending funds to the Company, or the rendering of any service or the establishment of any salary, other compensation or other terms of employment) with the Company, provided it is approved by the Board and/or the Class A Members in accordance with the terms hereof.

3.7 Right to Indemnification . Subject to the limitations and conditions as provided in this Article III , each Person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or arbitrative, by reason of the fact that such Person, or a Person of which such Person is the legal representative, is or was a Member, Manager or officer (together with any appeal thereof, a " ***Proceeding*** ") shall be indemnified by the Company to the fullest extent permitted by applicable law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than said law permitted the Company to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), liabilities, claims, damages, demands, fines, settlements and reasonable expenses (including, without limitation, reasonable attorneys' and experts' fees) actually incurred by such Person in connection with such Proceeding, appeal, inquiry, or investigation (each a " ***Loss*** "); provided , however , that no indemnification shall be made in respect of any claim, issue or matter to the extent expressly prohibited by the Act. Indemnification under this Article III shall continue as to a Person who has ceased to serve in the capacity that initially entitled such Person to indemnity hereunder. The Company may advance the amount of any expenses incurred in connection with a Proceeding to any Member, Manager or officer who is entitled to indemnification hereunder. The rights granted pursuant to this Article III shall be deemed contract rights, and no amendment, modification or repeal of this Article III shall have the effect of limiting or denying any such rights with respect to actions taken or Proceedings, appeals, inquiries or investigations arising prior to any such amendment, modification or repeal.

3.8 Indemnification of Employees and Agents . The Company, at the direction of the Board, may indemnify and advance expenses to an employee or agent of the Company (who is not a Member, Manager or officer) to the same extent and subject to the same conditions under which it shall indemnify and advance expenses under Section 3.7 .

3.9 Nonexclusively of Rights . The right to indemnification and the advancement and payment of expenses conferred in this Article III shall not be exclusive of any other right that a Member or Manager, or other Person indemnified pursuant to this Article III , may have or hereafter acquire under any contract, law (common or statutory), or provision of this Agreement.

3.10 Savings Clause . If this Article III or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify and hold harmless each Person indemnified pursuant to this Article III as to costs, charges, and expenses (including reasonable attorneys' fees and expenses), judgments, fines, and amounts paid in settlement with respect to any such Proceeding, appeal, inquiry, or investigation to the full extent permitted by any applicable portion of this Article III that shall not have been invalidated and to the fullest extent permitted by applicable law.

3.11 Power of Attorney .

(a) Grant of Power . Each Member constitutes and appoints the Board as the Member's true and lawful attorney-in-fact (" ***Attorney-in-Fact*** "), and in the Member's name, place, and stead, to make, execute, sign , acknowledge, and file, with respect to the Company:

(i) Articles of Organization consistent with this Agreement;

(ii) all documents (including amendments to the Articles of Organization) which the Attorney-in-Fact deems appropriate to reflect any amendment, change, or modification of this Agreement that has been properly approved in accordance with Section 10.4 of this Agreement;

(iii) any and all other certificates or other instruments required to be filed by the Company under the laws of the State of North Carolina or of any other state or jurisdiction, including, without limitation, any certificate or other instruments necessary in order for the Company to continue to qualify as a limited liability company under the laws of the State of North Carolina;

(iv) one or more applications to use an assumed name consistent with this Agreement; and

(v) subject to the provisions of Section 9.1 , all documents which may be required to dissolve and terminate the Company and to cancel its Articles of Organization.

(b) Irrevocability . The foregoing power of attorney is irrevocable and is coupled with an interest, and, to the extent permitted by applicable law, shall survive the death or Disability of a Member or the Transfer of a Unit, except that if the transferee of such Unit is approved for admission as a substituted Member pursuant to Section 8.2 , this power of attorney granted by the transferor shall survive the delivery of the assignment for the sole purpose of enabling the Attorney-in-Fact to execute, acknowledge and file any documents needed to effectuate the substitution.

ARTICLE IV
RIGHTS, OBLIGATIONS AND ACTIONS OF MEMBERS

4.1 Limited Participation in Management by Members . Except as otherwise expressly provided in this Agreement, no Member shall participate in the management of the Company or have any control over the Company or its business or have any right or authority to act for or to bind the Company. Except as expressly provided in this Agreement, no Member shall have the right to vote on or consent to any other matter, act, decision or document involving the Company or its business.

4.2 Actions/Consents by the Members . Except as otherwise set forth herein, in any instance where any approval, election, consent, designation, vote, action or determination of the Members is expressly required or provided for in this Agreement (a " ***Member Action*** "), such Member Action may be taken either (a) at a meeting of the Members where Class A Members owning a Majority Interest affirmatively vote to approve such Member Action or (b) may be taken without a meeting if the Member Action is evidenced by one or more written consents describing the Member Action taken signed by a Majority Interest, provided that a copy of such proposed Member Action is promptly provided to all Members after such Member Action being consented to. All written consents shall be filed with the minutes of the proceedings of the Members. Such Member Action without a meeting will be effective when the Class A Members required to approve such Member Action have signed the consent(s), unless the consent(s) specifies(y) a different effective date. The execution and delivery of any document or consent by any Person with apparent authority to act for or on behalf of a Member shall be conclusive evidence of the authorization to the Company, its other Members and the Board, and any third party shall be authorized to rely conclusively thereon. Unless otherwise expressly provided herein with respect to any specific matter, any Member Action shall require the approval of a Majority Interest of the Class A Members. Notwithstanding anything to the contrary in the Act or other applicable law, in no event shall any Member Action require the approval of any particular class of Units, it being understood that each Class A Unit is entitled to one (1) vote per Class A Unit and the Class B Units are non-voting.

4.3 Meetings . The provisions of this Section 4.3 shall apply to meetings of Members or to a specified class (or classes) of Members.

(a) Calling Meetings . Meetings of Members shall be called by the Board only when the Board deems necessary or by a Class A Member. Any such meeting shall be held at the principal place of business of the Company, or at such other location as determined by the Board, or may be held in part or in whole telephonically.

(b) Proxies . At all meetings of Members, a Class A Member may vote in person or by proxy. A Class A Member may appoint a proxy by executing a writing which authorizes another Person or Persons to vote or otherwise act on the Class A Member's behalf. Such writing shall be filed with the Board before or at the time of the meeting.

(c) Notice of Meetings . The Board shall use its reasonable efforts to provide each Member with at least two (2) days' notice of a meeting of the Members. Such notice shall contain the date, time and place of such meeting, but need not state the purpose for the meeting. The failure of a Member to obtain notice of a meeting shall not void any Member Action taken at such meeting so long as the required approval of the Member Action at such meeting is obtained in accordance with Section 4.2 .

(d) Telephonic Participation . Representatives of the Class A Members may participate in any meetings of the Members telephonically or through other similar communications equipment, as long as the representative of each Member participating in the meeting can hear one another. Participation in a

meeting pursuant to the preceding sentence shall constitute presence in person at such meeting for all purposes of this Agreement.

4.4 Limitation on Liability . Each Member's liability shall be limited as set forth in this Agreement, the Act and other applicable law.

4.5 No Liability for Company Obligations . Except as expressly set forth herein, no Member will have any personal liability for any debts or losses of the Company.

4.6 Withdrawal or Dissociation . The Members expressly agree that by virtue of this Section 4.6 , any right granted by Section 57C-5-06 of the Act to withdraw shall not apply. If, notwithstanding any other portion of this Section 4.6 , a Member withdraws or dissociates from the Company prior to the Transfer of all of the Member's Units pursuant to this Agreement or dissolution of the Company pursuant to this Agreement, then such Member shall not be entitled to any distributions from the Company as a result of such withdrawal or dissociation.

4.7 Confidentiality . Each Member agrees, during the term of such Member's association with the Company and for a period of three (3) years thereafter, all non-public information received from or otherwise relating to the Company shall be confidential, and shall not be disclosed or otherwise released to any other Person (other than another Member or its agents), without the written approval of the Board. Accordingly, each Member shall, and shall cause its agents and attorneys to, hold in confidence all such information; provided , however , that nothing in this Section 4.7 shall prohibit disclosure of any information in any court filings reasonably necessary for a Member to assert legal rights and remedies with respect to the Company and the Member's Units. The obligations under this provision shall be in addition to any other obligations of confidentiality a Person may have arising from another agreement or capacity.

4.8 Injunctive Relief . Each Member expressly agrees that the provisions of Sections 2.8 and 4.7 are a reasonable effort to protect the mutual interests of the Members in the growth and development of the Company and their Units and that breach of any such provisions would work substantial harm to the Company. In the event that any Member shall breach or attempt to breach any of the provisions of Section 2.8 or 4.7 , then the Board, in addition to all rights and remedies the Company may have, at law and/or in equity, shall be entitled to a decree or order restraining and enjoining such breach and the offending party shall not plead in defense thereto that there would be an adequate remedy at law; it being hereby expressly acknowledged and agreed that damages at law shall be an inadequate remedy for a breach or threatened breach or violation of the provisions of Section 2.8 or 4.7 .

ARTICLE V
DISTRIBUTIONS

5.1 Distributions.

(a) Net Available Cash . Subject to the provisions of this Article V , Net Available Cash shall be distributed to the Members, as and when determined by the Board, in accordance with their respective Percentage Interests; provided , however , that, other than distributions pursuant to Section 5.2 below, Net Available Cash shall not be distributed to the Members prior to the date that is the third (3 rd) anniversary of the Effective Date, unless the Class A Members otherwise unanimously agree upon any such distributions.

(b) Net Capital Proceeds . Subject to the provisions of this Article V , Net Capital Proceeds shall be distributed to the Members as follows:

(i) First, to the Class A Members until the Class A Members' Unreturned Capital Contributions have been reduced to zero, shared between the Class A Members pro rata in accordance with each Class A Member's Unreturned Capital Contributions; and

(ii) Thereafter, to the Members in accordance with their respective Percentage Interests.

(c) No Distributions to Class B Members . Unless otherwise provided in the Grant Agreement pursuant to which the Company issued Class B Units, each holder of Class B Units shall not be entitled to receive distributions pursuant to Section 5.1(b) until such time as the amount of distributions pursuant to Section 5.1(b) made by the Company after the issuance of such Class B Units has exceeded the Benchmark Amount applicable to such Class B Units, after which this proviso shall not apply with respect to such Class B Unit.

5.2. Distributions with Respect to Tax .

(a) Notwithstanding Section 5.1 or any other provision of this Agreement, but subject to the availability of cash as determined by the Board, the Company shall, prior to any distributions pursuant to Section 5.1 , distribute to each Member an amount equal to such Member's Tax Distribution to enable the Members to pay federal, state and local income taxes arising from their ownership of Units during a Taxable Year; provided , however , in no event shall the Company make Tax Distributions if such Tax Distributions would cause the Company to be in violation of any agreement to which it is a party.

(b) The amount distributable to a Member pursuant to Section 5.2(a) with respect to a Taxable Year of the Company shall be equal to the product of (i) the excess of (A) the cumulative Net Profits allocated to such Member pursuant to Article VI (but not including any allocation of taxable income (or other corresponding items) as a result of book/tax differences under Section 704(c) of the Code) and as to which the Members are subject to tax over (B) the cumulative Net Losses (including any items of losses, deductions and expenses that are specially allocated to such Member under Section 6.3), if any, theretofore allocated to such Member from the Company from the Effective Date through the end of such Taxable Year and not previously applied for purposes of this Section 5.2(b)(i)(B) , and (ii) the Assumed Tax Rate (a " ***Tax Distribution*** ").

(c) Any and all Tax Distributions shall be paid with respect to any Taxable Year of the Company on each April 10, June 10 and September 10 of such Taxable Year, and each January 10 following such Taxable Year, to allow the Members to pay their estimated income tax liability (based on the Board's good faith estimate of the taxable income of the Company for the current Taxable Year, the amount of such taxable income to be allocated to each Member in accordance with Article VI , and the amount of the Tax Distribution which each Member is entitled pursuant to Section 5.2(b)), with any additional Tax Distribution (based on the actual taxable income of the Company for such Taxable Year that is allocated to each Member) to be paid no later than April 10 following such Taxable Year.

(d) Notwithstanding anything to the contrary contained in this Agreement: (i) Tax Distributions made under this Section 5.2 shall reduce amounts otherwise distributable pursuant to Section 5.1(a), 5.1(b), and 9.3(d) , and shall be taken into account as distributions pursuant to this Agreement for purposes of determining a Class A Member's Unreturned Capital Contribution and (ii) distributions to a Member pursuant to this Agreement shall be deemed to be Tax Distributions made pursuant to this Section 5.2 in an amount equal to the aggregate amount of all Tax Distributions otherwise distributable (calculated pursuant to Section 5.2(b)) to such Member pursuant to this Section 5.2 from the Effective Date.

5.3 Distributions upon Liquidation . Upon a final liquidation of the Company, all Company assets shall be distributed to the Members in accordance with Section 9.3 of this Agreement.

5.4 Withholding . Unless treated as a Tax Payment Loan, any amount paid by the Company for or with respect to any Person (including a Foreign Person) on account of any withholding tax or other tax payable with respect to the income, profits or distributions of the Company pursuant to the Code, the Treasury Regulations, or any state or local statute, regulation or ordinance requiring such payment (a " ***Withholding Tax Act"***) shall be treated as a distribution to such Member for all purposes of this Agreement, consistent with the character or source of the income, profits or cash which gave rise to the payment or withholding obligation. To the extent that the amount required to be remitted by the Company under the Withholding Tax Act exceeds the amount then otherwise distributable to such Member, the excess shall constitute a loan from the Company to such Member (a " ***Tax Payment Loan*** ") which shall be payable upon demand and shall bear interest, from the date that the Company makes the payment to the relevant taxing authority, at LIBOR (three month) plus 3%, compounded monthly. So long as any Tax Payment Loan or the interest thereon remains unpaid, the Company shall make future distributions due to such Member under this Agreement by applying the amount of any such distribution first to the payment of any unpaid interest on all Tax Payment Loans of such Member and then to the repayment of the principal of all Tax Payment Loans of such Member, provided that any unpaid interest on a Tax Payment Loan shall be paid in full no later than each anniversary date of the payment to the relevant taxing authority.

The Board shall have the authority to take all actions necessary to enable the Company to comply with the provisions of any Withholding Tax Act applicable to the Company and to carry out the provisions of this Section 5.4 . Nothing in this Section 5.4 shall create any obligation on the part of the Board or the Members to advance funds to the Company or to borrow funds from third parties in order to make any payments on account of any liability of the Company under a Withholding Tax Act.

5.5 Limitation on Distributions . No distributions shall be made by the Company if, after giving effect to the distribution, either (a) the Company would not be able to pay its debts as they become due in the usual course of business, or (b) the Company's total assets would be less than the sum of its total liabilities. This Section 5.5 is intended to limit distributions only to the minimum extent required by Section 57C-4-06 of the Act and shall be interpreted and applied in a manner consistent with such intent.

ARTICLE VI
ALLOCATIONS

6.1 Net Losses . After making any special allocations required by Section 6.3 , Net Losses for each Fiscal Year (and each item of loss and deduction entering into the computation thereof) shall be allocated among the Members (and debited to their respective Capital Accounts) in the following order and priority:

(a) First, to the Members, until the cumulative Net Losses allocated pursuant to this Section 6.1(a) are equal to the cumulative Net Profits, if any, previously allocated to the Members pursuant to Section 6.2(d) for all prior periods in proportion to the Members' respective shares of the Net Profits being offset;

(b) Second, to the Class A Members, in accordance with and in proportion to their Unreturned Capital Contribution as of the end of the period to which the allocation of Net Losses under this Section 6.1(b) relates; and

(c) Third, to the Members in accordance with their respective Percentage Interests.

(d) Net Losses allocated in accordance with subparagraphs (a), (b), or (c) of this Section 6.1 to the Capital Account of any Member shall not exceed the maximum amount of Net Losses that can be so allocated without creating a deficit balance in such Member's Adjusted Capital Account. This limitation shall be applied individually with respect to each Member in order to permit the allocation pursuant to this Section 6.1(d) of the maximum amount of Net Losses permissible under Treasury Regulations Section 1.704-1(b)(2)(ii)(d). All Net Losses in excess of the limitation set forth in this Section 6.1(d) shall be allocated solely to those Members that bear the economic risk for such additional Net Losses within the meaning of Section 704(b) of the Code and the Regulations thereunder. If it is necessary to allocate Net Losses under the preceding sentence, the Board shall, in accordance with the Regulations promulgated under Section 704(b) of the Code, determine those Members that bear the economic risk for such additional Net Losses.

6.2 Net Profits . After making any special allocations required by Section 6.3 , Net Profits for each Fiscal Year (and each item of income and gain entering into the computation thereof) shall be allocated among the Members (and credited to their respective Capital Accounts) in the following order and priority:

(a) First, to the Members, until the cumulative Net Profits allocated pursuant to this Section 6.2(a) are equal to the cumulative Net Losses, if any, previously allocated to the Members pursuant to Section 6.1(d) for all prior periods in proportion to the Members' respective shares of the Net Losses being offset;

(b) Second, to the Members, until the cumulative Net Profits allocated pursuant to this Section 6.2(b) are equal to the cumulative Net Losses, if any, previously allocated to the Members pursuant to Section 6.1(c) for all prior periods in proportion to the Members' respective shares of the Net Losses being offset;

(c) Third, to the Members, until the cumulative Net Profits allocated pursuant to this Section 6.2(c) are equal to the cumulative Net Losses, if any, previously allocated to the Members pursuant to Section 6.1(b) for all prior periods in proportion to the Members' respective shares of the Net Losses being offset; and

(d) Fourth, to the Members, in accordance with their respective Percentage Interests.

6.3 Special Allocations . Prior to making any allocations pursuant to Sections 6.1 or 6.2 , the following special allocations shall be made each Allocation Period, to the extent required, in the following order:

(a) Minimum Gain Chargeback; Qualified Income Offset . Items of Company income and gain shall be allocated for any Allocation Period to the extent, and in an amount sufficient to satisfy the "minimum gain chargeback" requirements of Treasury Regulation Section 1.704-2(f) and (i)(4) and the "qualified income offset" requirement of Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(3).

(b) Member Nonrecourse Deductions and Nonrecourse Deductions . Member Nonrecourse Deductions shall be allocated to the Member who bears the economic risk of loss associated with such deductions, in accordance with Treasury Regulation Section 1.704-2(i). Nonrecourse Deductions shall be allocated to the Members pursuant to their respective Percentage Interests.

(c) Certain Adjustments . To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Section 734(b) of the Code is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the

basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with the requirements of Treasury Regulation Section 1.704-1(b)(2)(iv)(m)(4).

(d) Curative Allocations. The allocations set forth in Sections 6.3(a) through 6.3(c) and the last two sentences of Section 6.1 (the "***Regulatory Allocations***") are intended to comply with certain requirements of the Treasury Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss, or deduction pursuant to this Section 6.3(d). Therefore, notwithstanding any other provision of this Section 6.3 (other than the Regulatory Allocations), such offsetting special allocations of Company income, gain, loss, or deduction shall be made in whatever manner the Board determines appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of the Agreement and all Company items were allocated pursuant to Sections 6.1 and 6.2 and Section 6.3(e). In making such allocations, the Board shall take into account future Regulatory Allocations under Section 6.3(a) that, although not yet made, are likely to be made in the future and offset other Regulatory Allocations previously made under Section 6.3(b).

(e) Special Allocations Upon Liquidation of the Company. With respect to the Allocation Period in which occurs the final liquidation of the Company in accordance with Article IX or in which there is a Sale of the Company, if, after tentatively making all allocations pursuant to this Agreement other than this Section 6.3(e), the positive Capital Account balances of the Members do not equal the amounts that the Members would receive if all remaining Company assets were distributed to them pursuant to Section 5.1(b), then items of Company income, gain, loss and deduction for such Allocation Period shall be specially allocated among the Members pursuant to this Section 6.3(e) in such amounts and priorities as are necessary so that after making all allocations pursuant to this Article VI the positive Capital Account balances of the Members equal the amounts that would be so distributed to each of them. For purposes of this Section 6.3(e), a Member's Capital Account balance shall be deemed to be increased for any amounts that such Member is deemed to be obligated to restore pursuant to the penultimate sentence of Sections 1.704-2(g)(1) and -2(i)(5) of the Treasury Regulations. To the extent the allocations and adjustments described in this Section 6.3(e) are not sufficient to cause the Capital Accounts of each Members to equal the amount of the distributions such Member would receive pursuant to Section 5.1(b) assuming that this Section 6.3(e) were not part of the Agreement, then the Board may specially allocate items of Company income, gain, loss and deduction for prior Allocation Periods among the Members pursuant to this Section 6.3(e) in such amounts and priorities as are necessary so that after making all allocations pursuant to this Article VI the positive Capital Account balances of the Members equal the amounts that would be so distributed to each of them.

(f) Taxable Issuances of Units. Any income, gain, loss, or deduction realized as a direct or indirect result of the issuance of any Units (the "***Issuance Items***"), shall be allocated among the Members so that, to the extent possible, the net amount of such Issuance Items, together with all other allocations under this Agreement to each Member, shall be equal to the net amount that would have been allocated to each such Member if the Issuance Items had not been realized.

(g) For purposes of determining the Members' proportionate share of "excess nonrecourse liabilities" of the Company within the meaning of Section 1.752-3(a)(3) of the Treasury Regulations, their respective interests in Member profits shall be in the same percentage as their Percentage Interests.

6.4 Other Allocation Rules.

(a) Tax/Book Differences . If the Gross Asset Value of any Company property, as determined pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(d) or (f) and the definition of Gross Asset Value in Article XI , differs from the adjusted tax basis of such property, then allocations with respect to such property for income tax purposes shall be made in a manner which takes into consideration differences between such Gross Asset Value and such adjusted tax basis in accordance with Section 704(c) of the Code, the Treasury Regulations promulgated thereunder and Treasury Regulation Section 1.704-1(b)(2)(iv)(f)(4). Such allocations for income tax purposes shall be made using such method(s) permitted pursuant to such provisions which the Board, in its sole and absolute discretion, selects. Such tax allocations shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Net Profits, Net Losses or other items of income, gain, loss or deduction, or distributions pursuant to any provision of this Agreement. Any allocations with respect to any such property for purposes of maintaining the Members' Capital Accounts, and the determination of Net Profits and Net Losses, shall be made by reference to the Gross Asset Value of such property, and not its adjusted tax basis, all in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(g).

(b) Allocations of Items . Any allocation to a Member of Net Profits and Net Losses shall be treated as an allocation to such Member of the same share of each item of income, gain, loss or deduction that is taken into account in computing Net Profits and Net Losses. Unless otherwise specified herein to the contrary, any allocation to a Member of items of Company income, gain, loss, deduction or credit (or item thereof) shall be treated as an allocation of a pro rata portion of each item of Company income, gain, loss, deduction or credit (or item thereof).

(c) Prohibition Against Retroactive Allocations . Notwithstanding anything in this Agreement to the contrary, no Member or Economic Interest Owner shall be allocated any income, loss or credit attributable to a period prior to his or its acquisition of a Unit. In the event that a Member or Economic Interest Owner Transfers all or a portion of his or its Unit(s), or if there is a reduction in a Member's or Economic Interest Owner's Percentage Interest due to the admission of new Members or Economic Interest Owners or otherwise, each Member's and Economic Interest Owner's share of Company items of income, loss, credit, etc., shall be determined by taking into account each Member's and Economic Interest Owner's varying Percentage Interests during the Allocation Period in accordance with Section 706 of the Code.

(d) Consent and Tax Reporting . The Members are aware of the income tax consequences of the allocations made by this Article VI and hereby agree to be bound by the provisions of this Article VI in reporting their Units of Company income and loss for income tax purposes.

6.5 Profits Interest Allocations . Pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(f)(5)(iii), the grant of a Class B Unit to an employee or independent contractor in connection with the performance of services for the Company is an event pursuant to which the Company may revalue assets to their fair market values. In furtherance of the foregoing, the Board may, immediately prior to the grant of any such Class B Unit, cause the Company to revalue its assets in the manner provided in Treasury Regulations Section 1.704-1(b)(2)(iv)(f) and adjust the existing Members' Capital Accounts accordingly, and that the recipient shall not receive Capital Account credit in connection with the grant of a Class B Unit which is intended to be treated as a "profits interest", except to the extent of the amounts, if any, paid for such Class B Unit. In the event the Company does not revalue its assets in the manner provided in Treasury Regulations Section 1.704-1(b)(2)(iv)(f) immediately prior to the grant of any such Class B Unit, the Company may, upon consultation with its accountants, make subsequent special allocations of income or gains occurring after the relevant issuance of profits interests as if each issuance of profits interests had given rise to a valid election pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(f) and as if the allocation of income or gains was subject to Treasury Regulations Section 1.704-1(b)(4)(i).

ARTICLE VII
BOOKS, RECORDS AND TAX MATTERS

7.1 Covenants of the Company. The Company shall deliver to each Member such financial statements and other information and provide to each Member such inspection rights as are required pursuant to the Act, provided that the Company shall not be obligated pursuant to this Section 7.1 to provide access to any information where and to the extent that the Company reasonably and in good faith believes that withholding such information is necessary (a) to preserve attorney-client, work product or similar privilege, (b) to protect information that it reasonably considers to be a trade secret or similar confidential information, or (c) to comply with the terms and conditions of confidentiality agreements with third parties.

7.2 Preparation of Tax Returns. The Board shall arrange for the preparation and timely filing of all returns required to be filed by the Company and shall provide copies thereof and all related matters needed by any Member for the preparation of its tax returns to be promptly delivered to all Members.

7.3 Tax Year; Tax Elections. The Taxable Year shall be the calendar year unless the Board shall determine otherwise in its sole discretion and in compliance with applicable laws. The Board shall make or revoke any available election pursuant to the Code, including an election pursuant to Section 754 of the Code (" ***Section 754 Election*** "). Each Member will upon request supply any information necessary to give proper effect to any and all such elections, and no Member shall take any action (other than a sale of Units permitted pursuant to this Agreement), which would cause the Company to forfeit the benefits of any tax election previously made or agreed to be made.

7.4 Tax Controversies. Good Times is hereby designated the Tax Matters Partner and is authorized and required to represent the Company with the advice of the Company's tax advisors (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Company funds for professional services and reasonably incurred in connection therewith. Each Member agrees to cooperate with the Company and to do or refrain from doing any or all things reasonably requested by the Company with respect to the conduct of such proceedings. The Tax Matters Partner shall be entitled to reimbursement by the Company for all expenses reasonably incurred by it in acting as the Tax Matters Partner.

7.5 Tax Allocations. All matters concerning allocations for U.S. federal, state, and local and non-U.S. income tax purposes, including accounting procedures, not expressly provided for by the term of this Agreement shall be determined in good faith by the Board.

7.6 Banking. All funds of the Company shall be deposited in such account or accounts as shall be designated from time to time by the Board. All withdrawals from the Company bank accounts shall be made only upon check signed by a Manager (to the extent permitted hereunder) or by such Persons as the Board may designate from time to time.

ARTICLE VIII
TRANSFER OF UNITS

8.1 General Restrictions on Transfer of Units; Succession.

(a) In General. Each of the Members hereby covenants and agrees that it will not Transfer all or any part of its Units in the Company to any Person other than as permitted by this Article VIII.

Any attempted Transfer by a Member of any Units, other than in accordance with this Article VIII , shall be, and is hereby declared, null and void *ab initio* .

(b) Successors as to Economic Rights and Obligations . References in this Agreement to Members shall also be deemed to constitute a reference to Economic Interest Owners solely where the provision relates to economic rights and obligations. By way of illustration and not limitation, such provisions would include those regarding allocations and distributions. A transferee of a Unit shall succeed to the transferor's Capital Account to the extent related to the Unit transferred, regardless of whether such transferee becomes a Member.

(c) Succession . In the event of a Succession of any Units of a Member, the Successor shall become an Economic Interest Owner only, and shall not be entitled to participate in any decision in respect of the Company's business, and shall have no right to require any information or accounting of any transactions of the Company, and such Successor shall not be entitled to vote, consent or object to any Company matter. Such Successor shall only be entitled to the allocations and distributions its Predecessor was entitled to receive under this Agreement.

8.2 Permitted Transfers .

(a) Unless otherwise expressly set forth herein, a Member shall not be permitted to Transfer any of its Units unless such Transfer is approved, prior to such Transfer, by all of the Members (other than the Transferring Member), provided , however , a Class A Member may Transfer its Units to an Affiliate and, with respect to BDI only, any partners, limited partners, members, stockholders or direct or indirect beneficial owners of such Member or Affiliate, without the consent of the other Class A Members and without complying with Section 8.4 below; provided further that if a Transfer otherwise permitted pursuant to the foregoing proviso would result in Dennis Thompson and Frank Scibelli, collectively, no longer controlling the collective vote of the Class A Units owned by BDI as of the date hereof, any such Transfer shall require the prior written consent of Good Times, not to be unreasonably withheld.

(b) Notwithstanding Section 8.2(a) above, commencing on the date that is the third (3 rd) anniversary of the Effective Date, either Class A Member shall be permitted to Transfer its Class A Units, subject to compliance with the provisions of this Section 8.2 and Section 8.4 below.

(c) Notwithstanding the foregoing provisions of this Section 8.2 , no Transfer shall be permitted hereunder unless the following are satisfied with respect to a proposed Transfer by the Transferring Member:

(i) The transferee executes a written agreement, in the form and substance satisfactory to the Board, to assume all the duties and obligations of the Transferring Member under this Agreement and to be bound by and subject to all of the terms and conditions of this Agreement.

(ii) Except where waived by the Board, an opinion of counsel satisfactory to the Board, obtained by and at the expense of the Transferring Member or the transferee, that such assignment is subject to an effective registration under, or exemption from the registration requirements of, the applicable state and federal securities laws.

(iii) The Company receives from the transferee the information and agreements that the Board may reasonably require including, but not limited to, the transferee's notice address, taxpayer identification number and any other information that may be required by any taxing authority.

(iv) Unless the transferee is an individual, the transferee provides the Board with evidence satisfactory to the Board of the authority of the transferee to become a Member and be bound by the terms and conditions of this Agreement.

(v) Except where waived by the Board, with respect to any Permitted Transfer described in the proviso of Section 8.2(a) above, the Transferring Member shall in all events remain jointly and severally liable with the transferee for all the obligations associated with the Units Transferred unless and until there is a Permitted Transfer of the Units which is not described in such proviso, and the Transferring Member shall enter into such agreements as shall be required by the Board to document such continuing obligation.

(d) Except as otherwise set forth in this Article VIII , the Members effecting a Transfer pursuant to this Section 8.2 shall pay, or reimburse the Company for, all reasonable costs and expenses incurred by the Company in connection with the Transfer (including, without limitation, any costs or expenses for reasonable legal fees incurred by the Company in connection with the Transfer) on or before the 10 th day after receipt by that Person of the Company's invoice for the amount due.

(e) The provisions of this Article VIII shall be controlling with respect to any conflicting provision contained in any other agreement between or among the Company and any Member.

(f) Any Transfer permitted by this Section 8.2 is referred to herein as a " ***Permitted Transfer*** ," and any transferee who receives Units pursuant to a Permitted Transfer (a " ***Permitted Transferee*** ") shall be admitted to the Company as a substitute Member without need for any further approval or action and shall receive and hold such Units subject to the terms of this Agreement and to the obligations hereunder of the transferor.

(g) A transferee of any Units who does not become a Member shall be an Economic Interest Owner only and shall be entitled only to the transferor's Economic Interest with respect to the Unit(s) Transferred. Such transferee shall not be entitled to vote on any question regarding the Company, and the Percentage Interest associated with the transferred Unit(s) shall not be considered to be outstanding for voting purposes.

8.3 [Intentionally Omitted].

8.4 Right of First Offer.

(a) Subject to Section 8.6 below, in the event that either Class A Member proposes to sell, directly or through an Affiliate, (i) its Units in the Company and/or, in the case of BDI only, a controlling interest in BDI itself or substantially all of BDI's assets at any time on or after the third (3 rd) anniversary of the Effective Date and/or (ii) its interest in any Restaurant ((i) and/or (ii), as applicable, the " ***Offered Interest*** "), such Class A Member (the " ***Offering Member*** ") shall give the other Class A Member (the " ***Non-Offering Member*** ") written notice (the " ***Member Notice*** ") of the general price, terms and conditions of upon which the Offering Member desires to sell the Offered Interest. In the event that the Non-Offering Member would be interested in pursuing the acquisition of the Offered Interest, the Non-Offering Member shall give written notice to the Offering Member of such interest within fifteen (15) days after delivery of the Member Notice. The Class A Members shall thereafter negotiate in good faith for a period of forty-five (45) days the terms of a proposed sale of the Offered Interest (the " ***Negotiation Period*** "). If the Class A Members are able to agree upon the terms of a transaction for the sale of the Offered Interest within the Negotiation Period, the closing shall occur within ninety (90) days following the date of the Member Notice. In the case of a sale of all of a Member's Class A Units in the Company, such sale can be structured as a redemption by the Company if so desired by the Non-Offering Member.

(b) In the event that the Class A Members are not able to agree upon the terms of a transaction for the sale of the Offered Interest within the Negotiation Period or the transaction fails to close within such 90-day period despite the good faith efforts of the parties, the Offering Member shall have the right to market and consummate the sale of the Offered Interest over the one hundred eighty (180) days following the last day of the Negotiation Period or such 90-day period, as applicable, upon such terms and conditions as the Offering Member and the proposed purchaser agree, so long as the purchase price is equal to at least ninety percent (90%) of the best offer by the Non-Offering Member during the Negotiation Period and on similar payment terms. In the event the Offering Member has not sold such Offered Interest within said 180-day period, the Non-Offering Member's matching right pursuant to this Section 8.4 shall again be in effect.

(c) Notwithstanding the foregoing, (i) the Non-Offering Member's right to acquire the Offering Member's Offered Interest in any Restaurant shall be subordinate to the prior rights of the Company and/or the Offering Member's partner(s) in such Restaurant to acquire such Offered Interest, and (ii) Good Times' right to acquire a controlling interest in BDI shall be subordinate to any rights of the current members of BDI to acquire such Offered Interest.

8.5 Drag-Along Rights.

(a) The Rights . In the event a proposed Sale of the Company or sale of all of the outstanding Units (either such transaction, a " ***Sale Transaction*** ") is approved pursuant to Section 3.4(d)(iii) , then following transmittal of a written notice from the Board, all Class B Members shall cooperate in, and shall take all actions that the Board reasonably deems necessary or desirable to consummate the Sale Transaction, including, without limitation, (A) entering into an agreement requiring each Class B Member to sell all of its Class B Units and to make and/or agree to representations, indemnities, holdbacks, covenants and escrows; (B) reasonably cooperating in obtaining all consents and approvals of any applicable governmental authority reasonably necessary or desirable to consummate such Sale Transaction; and (C) voting all of their Class B Units having voting power to approve or adopt the Sale Transaction (the " ***Drag-Along*** ").

(b) Conditions to Rights. The obligations of the Class B Members pursuant to this Section 8.5 are subject to the satisfaction of each of the following conditions, unless any one or more of such conditions are waived by the holders of at least a majority of the Class B Units held by the Class B Members:

(i) Upon the consummation of the Sale Transaction, all holders of Units will receive, in respect of such Units, the same form and amount of consideration per Unit, subject to Section 5.1(b) above.

(ii) No Class B Member shall be obligated to incur any out-of-pocket expenses in connection with a consummated Sale Transaction, provided the foregoing shall not include (A) indirect costs incurred for the benefit of all Members of the Company or as a reduction of the aggregate consideration payable in connection with such Sale Transaction by the Company or the acquiring party, or (B) costs incurred by or on behalf of a Class B Member for his, her or its sole benefit, including attorneys' fees and expenses.

(c) Drag-Along Agent. In furtherance of the provisions of this Section 8.5 , for so long as this Section 8.5 is in effect each of the Class B Members hereby grants to the Board a proxy (which shall be deemed to be coupled with an interest and to be irrevocable) to vote the Units having voting power owned or controlled by such Class B Member and exercise any consent rights applicable thereto in favor of any such Sale Transaction as provided in this Section 8.5 .

(d) No Revocation . The agreements contained in this Section 8.5 are coupled with an interest and

except as provided in this Agreement may not be revoked or terminated during the term of this Agreement.

8.6 Forced Sale by BDI .

(a) BDI Drag Along Rights. In the event a proposed Sale of the Company or sale of all of the outstanding Units (either such transaction, a " ***BDI Sale Transaction*** ") is approved by only the BDI Managers and BDI (assuming BDI then owns a Majority Interest) at any time commencing after the fifth (5^{th}) anniversary of the Effective Date, then (following transmittal of a written notice to be provided by the Company to the Members other than BDI (the " ***Minority Members*** ")) all Minority Members shall cooperate in, and shall take all actions that the Board and/or BDI reasonably deem necessary or desirable to consummate the BDI Sale Transaction, including, without limitation, (A) entering into agreements with third parties on terms substantially identical to, or no more favorable to the Minority Members than, those applicable to BDI (which agreements may require a Minority Member to sell all of its Units and to make and/or agree to representations, indemnities, holdbacks, covenants and escrows); (B) reasonably cooperating in obtaining all consents and approvals of any applicable governmental authority reasonably necessary or desirable to consummate such BDI Sale Transaction; and (C) voting all of their Units having voting power to approve or adopt the BDI Sale Transaction (the " ***BDI Drag-Along*** ").

(b) Conditions to BDI Drag-Along. The obligations of the Members other than BDI pursuant to this Section 8.6 are subject to the satisfaction of each of the following conditions, unless any one or more of such conditions are waived by the holders of at least a majority of the Units held by the Members other than BDI (assuming for such purpose only that all such Units are voting):

(i) Upon the consummation of the BDI Sale Transaction, all holders of Units will receive, in respect of such Units, the same form and amount of consideration per Unit, subject to Section 5.1(b) above.

(ii) No other Member shall be obligated to incur any out-of-pocket expenses in connection with the BDI Sale Transaction, provided the foregoing shall not include costs incurred by or on behalf of another Member for his, her or its sole benefit, including attorneys' fees and expenses.

(iii) Notwithstanding the foregoing, in the event BDI desires to initiate the BDI Drag-Along, the purchase price payable to Good Times upon the consummation of a BDI Sale Transaction shall be its pro rata portion of the proceeds from the BDI Sale Transaction payable in accordance with this Agreement, including Section 5.1(b) above; provided , however , within thirty (30) days following the date on which BDI informs Good Times that it intends to exercise the BDI Drag Along Right with respect to such BDI Sale Transaction, Good Times shall have the right to cause the Company to engage a qualified appraiser of recognized national or regional standing having substantial knowledge of the restaurant industry selected by Good Times with the approval of BDI, which approval shall not be unreasonably withheld (a " ***Qualified Appraiser*** "), to determine the fair market value of the Company in an arms' length transaction with a third party using the then current industry standard valuation methodology for a franchise company of this type. The Qualified Appraiser shall deliver to BDI, Good Times and the Company its report setting forth the fair market value of Good Times' Units (the " ***Appraisal Report*** ") within forty-five (45) days following its engagement. The costs of the Qualified Appraiser shall be paid by the Company. If the purchase price to be paid by the purchaser in the BDI Sale Transaction (the " ***Proposed Purchase Price*** ") is:

(A) less than twenty million dollars ($20,000,000) and the Appraisal Report shows that the fair market value of the Company (after taking into account the same assumptions and adjustments as utilized in the underlying transaction documents (e.g., cash free/debt free transaction)) (the " ***Alternative Valuation*** ") is at least thirty-three

percent (33%) greater than the Proposed Purchase Price, then Good Times upon the closing of such BDI Sale Transaction shall be entitled to receive from the Proposed Purchase Price at the closing of such transaction an amount equal to its pro rata portion of the Alternative Valuation (less its pro rata portion of all costs, expenses and adjustments incurred in connection with or contemplated by such transaction); or

(B) greater than or equal to twenty million dollars ($20,000,000), Good Times upon the consummation of a BDI Sale Transaction shall only be entitled to receive its pro rata portion of the proceeds from the BDI Sale Transaction payable in accordance with this Agreement, including Section 5.1(b) above.

For avoidance of doubt, nothing herein shall prohibit BDI from electing not to proceed with a BDI Sale Transaction following its receipt of the Appraisal Report.

(c) Drag-Along Agent. In furtherance of the provisions of this Section 8.6 , for so long as this Section 8.6 is in effect and only in the event that the required approvals set forth in Section 8.6(a) are satisfied, each of the Members hereby grants to BDI a proxy (which shall be deemed to be coupled with an interest and to be irrevocable) to vote the Units having voting power owned or controlled by such Member and exercise any consent rights applicable thereto in favor of any such BDI Sale Transaction as provided in this Section 8.6 .

(d) No Revocation. The agreements contained in this Section 8.6 are coupled with an interest and except as provided in this Agreement may not be revoked or terminated during the term of this Agreement.

(e) Good Times Tag-Along . In the event BDI elects to sell all or substantially all of its Class A Units and does not exercise the BDI Drag-Along, Good Times may elect to sell its Class A Units as part of such transaction, on a pro rata basis with BDI, by written notice to BDI given within ten (10) days after receiving written notice of BDI's proposed sale (the " ***Good Times Tag Along*** "). Upon the consummation of such transaction, all holders of the transferred Units will receive, in respect of such Units, the same form and amount of consideration per Unit, subject to Sections 5.1(b) and 8.6(b)(iii) above; provided , however , the Class A Members recognize that the $20,000,000 target described above applies to a BDI Sales Transaction and if BDI has elected to sell substantially all of its Class A Units but not exercise the BDI Drag-Along, the $20,000,000 will be reduced pro rata based on the actual percentage of the total Class A Units proposed by BDI to be sold.

8.7 Additional Members . Additional Members shall be admitted to the Company upon the approval of the Board and a Majority Interest. Admission of any Person as a new Member shall be conditioned upon the Person making such Capital Contributions as the Board determines represents the fair market value of the Units being acquired as an additional Member and such Person executing, acknowledging, and delivering to the Company such instruments as the Board may deem necessary or advisable to effect the admission of such Person as an additional Member, including, without limitation, the written acceptance and adoption by such Person of the provisions of this Agreement. Upon such admission, the Percentage Interests of the Members shall be recalculated based on the Units then outstanding (including for this purpose the additional Units issued to the new Member). The Board shall notify all of the Members of their respective adjusted Percentage Interests as so determined simultaneous with the admission of any such additional Member.

8.8 No Appraisal Rights . No Member shall be entitled to any dissenter's or appraisal rights with respect to such Member's Units, including, without limitation, any rights set forth in the Act or any other applicable law, whether individually or as part of any class or group of Members, in the event of a Sale of the Company or other transaction involving the Company or its securities unless such rights are

expressly provided herein or by the agreement of merger, agreement of consolidation or other document effectuating such transaction.

ARTICLE IX
DISSOLUTION AND TERMINATION

9.1 Dissolution.

(a) The Company shall be dissolved upon the occurrence of any of the following events:

(i) consent of the Board and all of the Class A Members;

(ii) the entry of a decree of judicial dissolution under Section 57C-6-02 of the Act; or

(iii) the Company being unable to pay its obligations when due without the borrowing of additional money (other than payables incurred in the ordinary course of business) or the making of Capital Contributions the Members have otherwise elected not to make.

(b) Except as expressly permitted in this Agreement, no Member shall have the power or authority to dissociate or take any other voluntary action, which directly causes a Person to cease to be a Member; *provided, however* , that any Member who transfers all of his Units in accordance with this Agreement shall cease to be a Member.

9.2 Effect of Dissolution . Upon dissolution, the Company shall cease to carry on its business, except as permitted by Section 57C-6-04 of the Act. Upon dissolution, the Board may publish the notice specified by Sections 57C-6-07 and 57C-6-08 of the Act.

9.3 Winding Up, Liquidation and Distribution of Assets.

(a) Upon dissolution, an accounting shall be made by the Company's independent accountants of the accounts of the Company and of the Company's assets, liabilities and operations, from the date of the last previous accounting until the date of dissolution. The Board shall immediately proceed to wind up the affairs of the Company.

(b) If the Company is dissolved and its affairs are to be wound up, the Board shall convert the Company's assets into cash as promptly as practicable (except to the extent the Board may determine to distribute any assets to any of the Members in kind).

(c) In connection with such dissolution, the Company shall discharge all liabilities of the Company, including liabilities to Members who are creditors, to the extent otherwise permitted by law, other than liabilities to Members for distributions, and establish such reserves as may be reasonably necessary to provide for contingent or other liabilities of the Company.

(d) In connection with such dissolution, the Company shall thereafter distribute the remaining assets first to the Class A Members pro rata to the extent of their Unreturned Capital Contributions and then to the Members pro rata in accordance with their respective Percentage Interests.

(e) Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

(f) The Board shall comply with any requirements of applicable law pertaining to the winding up of the affairs of the Company and the final distribution of its assets.

9.4 Return of Contribution Nonrecourse to Other Members . Except as provided by law or as expressly provided in this Agreement, upon dissolution, each Member shall look solely to the assets of the Company for the return of its Capital Contribution. If such assets are insufficient to pay debts or return investments to the Members, no Member shall have any recourse against any other Member.

ARTICLE X
GENERAL PROVISIONS

10.1 Further Assurances . Each Member shall execute all such certificates and other documents and shall do all such filing, recording, publishing and other acts as the Board deems appropriate to comply with the requirements of law for the formation and operation of the Company and to comply with any laws, rules, and regulations relating to the acquisition, operation, or holding of the property of the Company.

10.2 Notifications . Except as otherwise provided in this Agreement, any notice, demand, consent, election, offer, approval, request, or other communication (collectively, a " ***notice*** ") required or permitted hereunder must be in writing and either delivered personally, sent by certified or registered mail, postage prepaid, return receipt requested, sent by facsimile or sent by recognized overnight delivery service. A notice must be addressed to a Member at the Member's last known address (or facsimile number) on the records of the Company. A notice to the Company must be addressed to the Company at the Company's principal office (or facsimile number). A notice delivered personally will be deemed given only when acknowledged in writing by the person to whom it is delivered. A notice that is sent by mail will be deemed given three (3) Business Days after it is mailed. A notice sent by facsimile will be deemed given on the next Business Day after the date of such delivery so long as a copy also is sent by other means permitted hereunder. A notice sent by recognized overnight delivery service will be deemed given when received or refused. Any party may designate, by notice to all of the others, substitute addresses or addressees for notices; and, thereafter, notices are to be directed to those substitute addresses or addressees.

10.3 Specific Performance . The parties recognize that irreparable injury will result from a breach of any provision of this Agreement and that money damages will be inadequate to fully remedy the injury. Accordingly, in the event of a breach or threatened breach of one or more of the provisions of this Agreement, any party to this Agreement who may be injured (in addition to any other rights and remedies that may be available to such Person under this Agreement, any other agreement or under any law) shall be entitled (without posting a bond or other security) to one or more preliminary or permanent orders (a) restraining and enjoining any act which would constitute a breach or (b) compelling the performance of any obligation which, if not performed, would constitute a breach.

10.4 Amendment; Waivers .

(a) Except as expressly provided in this Section 10.4 , this Agreement may be amended, modified or supplemented, and waivers of or consents to departures from the provisions hereof may be given, from time to time only by a written instrument executed by each of the Members. Notwithstanding the foregoing, the Board shall have the right, without the prior approval of the Members, to amend this Agreement, including, Schedule A attached hereto, in such fashion as may be reasonably required (i) to reflect the admission of new Members in accordance with the terms of this Agreement (including pursuant to Section 8.8) and to reflect any modifications of the Members' Percentage Interests permitted in accordance with this Agreement, as a result of any additional Capital Contributions or otherwise, (ii) to cure any ambiguity or to correct or supplement any provision herein that may be

inconsistent with any other provision herein, or (iii) to delete or add any provision in this Agreement required to be deleted or added by a state "Blue Sky" commissioner or similar such official, which deletion or addition is deemed by such official to be for the benefit of the Members.

(b) The Members hereby specifically consent to an amendment of this Agreement from time to time in such manner as is reasonably determined by the Board, upon the advice of counsel for the Company, to be necessary or reasonably helpful to ensure that the allocations of profits and losses and individual items thereof are given effect for federal income tax purposes, including any amendments determined by the Board, in consultation with counsel to the Company, to be necessary to comply with the Treasury Regulations under Section 704 of the Code.

(c) Notwithstanding any provision to the contrary in this Agreement, The terms of this Agreement may be amended or waived by the Board in its reasonable discretion, to enable the Company and the Members to comply with the requirements of the "Safe Harbor" Election within the meaning of the Proposed Revenue Procedure of Notice 2005-43, 2005-1 C.B. 1221, Proposed Treasury Regulation Section 1.83-3(e)(1) or Proposed Treasury Regulation Section 1.704-1(b)(4)(xii) at such time as such proposed Procedure and Regulations are effective and to make any such other related amendments as may be required by pronouncements or Treasury Regulations issued by the Internal Revenue Service or Treasury Department after the date of this Agreement. Any amendments made pursuant to this Section 10.4(c) shall be binding on the Members.

10.5 GOVERNING LAW . ALL QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY AND INTERPRETATION OF THIS AGREEMEN T WILL BE GOVERNED BY THE INTERNAL LAW, AND NOT THE LAW OF CONFLICTS, OF THE STATE OF NORTH CAROLINA.

10.6 Notice to Members of Provisions . By executing this Agreement, each Member acknowledges that such Member has actual notice of (a) all of the provisions hereof (including the restrictions on Transfer set forth herein), and (b) all of the provisions of the Articles of Organization.

10.7 Descriptive Headings; Interpretation . The descriptive headings of this Agreement are inserted for convenience of reference only and do not constitute a substantive part of this Agreement. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine, or neuter forms, and the singular form of nouns, pronouns, and verbs shall include the plural and vice versa. The use of the word "including" in this Agreement shall be by way of example rather than by limitation. Reference to any agreement, document, or instrument means such agreement, document, or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and, if applicable, hereof. Without limiting the generality of the immediately preceding sentence, no amendment or other modification to any agreement, document, or instrument that requires the consent of any Person pursuant to the terms of this Agreement or any other agreement will be given effect hereunder unless such Person has consented in writing to such amendment or modification. The use of the words "or," "either," and "any" shall not be exclusive. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. Wherever a conflict exists between this Agreement and any other agreement, this Agreement shall control but solely to the extent of such conflict.

10.8 Severability . Each provision hereof shall be considered separable. The invalidity or unenforceability of any provisions hereof in any jurisdiction shall not affect the validity, legality or enforceability of the remainder hereof in such jurisdiction or the validity, legality or enforceability hereof, including any such provision, in any other jurisdiction, it being intended that all rights and obligations of

the parties hereunder shall be enforceable to the fullest extent permitted by law. If, for any reason, any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair or affect the other provisions herein.

10.9 Counterparts. This Agreement may be executed in two or more counterparts, and each Member may execute a separate Member signature page, with the same effect as if all of the Members had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

10.10 Attorneys' Fees. In any action or proceeding arising out of or related to, or otherwise brought to enforce, any provision of this Agreement, or where any provision hereof is validly asserted as a defense, the prevailing party shall be entitled to recover reasonable attorneys' fees and expenses from the non-prevailing party in addition to any other available remedy.

10.11 Binding Provisions. This Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective heirs, executors, administrators, personal and legal representatives, successors, and permitted assigns.

10.12 Entire Agreement. This Agreement and those documents expressly referred to herein, including with respect to Class B Units and the Grant Agreements, embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements, or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

10.13 Delivery by Facsimile or Email. This Agreement, the agreements referred to herein, and each other agreement or instrument entered into in connection herewith or therewith or contemplated hereby or thereby, and any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine or email, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of a facsimile machine or email to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or email as a defense to the formation or enforceability of a contract and each such party forever waives any such defense.

10.14 Survival. Sections 3.7 and 4.7 shall survive and continue in full force in accordance with its terms, notwithstanding any termination of this Agreement or the dissolution of the Company.

10.15 Relationship of this Agreement to the Default Rules. Regardless of whether this Agreement specifically refers to a particular Default Rule, in no event shall any Default Rule apply to the Company, it being the interest of the Members that, by virtue of this Section 10.15 all of the Default Rules shall be negated and, to the fullest extent possible, all of the rights and obligations of the Members with respect to the Company shall be as set forth in this Agreement and shall not arise from any provisions of the Act that constitute a Default Rule that is permitted to be made inapplicable, or modified with respect to, a limited liability company pursuant to the articles of organization or operating agreement of a limited liability company.

ARTICLE XI
DEFINITIONS

11.1 Index of Terms Defined in the Agreement . In addition to the terms defined in Section 11.2 , the following terms shall have the meanings given to them in the sections of the Agreement indicated below.

Defined Term	Section
Alternative Valuation	8.6(b)(iii)(A)
Appraisal Report	8.6(b)(iii)
Attorney-In-Fact	3.11(a)
Bad Daddy's System	1.6
BDBB Form Agreements	3.4(e)(i)
BDI	Background
BDI Drag Along	8.6(a)
BDI Managers	3.4(b)(i)(A)
BDI Sale Transaction	8.6(a)
Board	3.1(a)
Capital Account	2.9
Company	Background
Drag-Along	8.5(a)
Effective Date	Introductory Paragraph
Good Times	Background
Good Times Managers	3.4(b)(i)(B)
Good Times Tag Along	8.6(e)
Grant Agreement	2.1(c)
Issuance Items	6.3(f)
License Agreement	Background
Loaning Members	2.2(c)(i)
Loss	3.7
Management Agreement	3.3
Marks	1.5
Member Action	4.2
Member Notice	8.4(a)
Minority Members	8.6(a)
notice	10.2
Non-Offering Member	8.4(a)
Obligations	2.3(b)(i)
Offered Interest	8.4(a)
Offering Member	8.4(a)
Original BD of Colorado License	3.4(e)(ii)
Permitted Transfer	8.2(e)
Permitted Transferee	8.2(e)
Proceeding	3.7
Proposed Purchase Price	8.6(b)(iii)
Qualified Appraiser	8.6(b)(iii)
Regulatory Allocations	6.3(d)
Restaurant	Background
Restricted Party	4.7(b)(ii)
Sale Transaction	8.5(a)
Scibelli	3.2(a)
Section 754 Election	7.3
Tax Distribution	5.2(b)
Tax Payment Loan	5.4
Transferring Member	8.4(a)
Total Capital Contributions	2.2(c)(i)(B)
Unit	2.1(a)
Withholding Tax Act	5.4

11.2 Certain Defined Terms . The following terms used in this Agreement shall have the following meanings (unless otherwise expressly provided herein):

"*Act* ." Means the North Carolina Limited Liability Company Act, N.C.G.S. 57C-1-01, et . seq ., as amended from time to time (or any corresponding provision of succeeding law).

" ***Adjusted Capital Account*** ." Means with respect to any Member, the balance of such Member's Capital Account, after giving effect to the following adjustments:

(i) increase (credit) such Capital Account for any amounts that such Member is obligated to restore pursuant to this Agreement, or is determined pursuant to Treasury Regulations Section 1.704-1(b)(2)(ii)(c), or is deemed to be obligated to restore pursuant to the penultimate sentence of Treasury Regulation Sections 1.704-2(a)(1) and -2(i)(5); and

(ii) decrease (debit) such Capital Account for the items described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4) through (6).

The provisions of this definition are intended to comply with the requirements of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be applied in a manner consistent therewith.

" ***Affiliate*** ." Means (or a Person " ***Affiliated*** " with a specified Person means) (i) a spouse, descendant (natural or adopted) or ancestor (natural or adopted) of such Person, or (ii) a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified; provided that, for the purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

" ***Agreement*** ." Means this Amended and Restated Operating Agreement of Bad Daddy's Franchise Development, LLC, as amended from time to time.

" ***Allocation Period*** ." Means (i) the period commencing on the date hereof and ending on December 31, 2013, (ii) any subsequent period commencing on January 1 and ending on the following December 31, and (iii) any portion of the period described in clause (i) or (ii) for which the Company is required to allocate Net Profits, Net Losses and other items of Company income, gain, loss or deduction pursuant to Article VI .

" ***Articles of Organization*** ." Means the Articles of Organization of the Company, as filed with the Secretary of State of the State of North Carolina, as the same may be amended from time to time.

" ***Assumed Tax Rate*** ." Means, with respect to a Taxable Year of the Company, the sum of (i) the highest federal individual income tax rate in effect for that Taxable Year and (ii) the highest individual income tax rate in effect in the state of North Carolina with respect to BDI and the state of Colorado with respect to Good Times for that Taxable Year; provided , however , that each of the character of the relevant income (e.g., long-term or short-term capital gain or ordinary or exempt income) and the deductibility of the state income taxes for federal income tax purposes shall be taken into account.

" ***Bad Act*** ." Means an act that meets the following criteria: (a) when Person undertook the act, he, she or it knew or should have known that such act was materially adverse to the interests of the Company; and (b) within thirty (30) days of discovery of such Bad Act, the Board delivered written notice to the bad actor, disapproving of such act.

" ***Benchmark Amount.*** " Means the cumulative distributions that must be made by the Company (with respect to all classes of Units outstanding immediately prior to the issuance of a specified Class B Unit) pursuant to Section 5.1(c) before a Class B Member is entitled to receive any distributions pursuant to Section 5.1(b) in respect of such Class B Unit. The Benchmark Amount for a specified Class B Unit is to equal the Fair Market Value of all of the equity of the Company at the time the Class B Unit is issued if a liquidation of the Company would have occurred on such date. After all Capital Contributions contemplated by Sections 2.2(a) and (b) have been made, the Benchmark Amount shall be $1,562,500.

" ***Business Day*** ." Means a day on which banks are not required or authorized to close in Charlotte, North Carolina.

" ***Capital Contribution*** ." Means any contribution made by a Member to the capital of the Company, whether in the form of cash or property, and whether made contemporaneously with the execution of this Agreement or at any time before or after the Effective Date.

" ***Cause*** ." Means any of the following occurring after the date hereof: (i) the commission of a Bad Act that is not corrected within five (5) days of written notice (provided that an act of fraud or breach of fiduciary duty shall not have a cure period), (ii) conviction of or pleading no lo contendere to or guilty to any felony, fraud, embezzlement or other misappropriation, or (iii) any material or willful breach of this Agreement that is not corrected within five (5) days of written notice.

" ***Class A Member*** ." Means a Person who acquires Class A Units, and any successor to such Units of a Member. For purposes of this Agreement, a Class A Member who also holds Class B Units shall be treated as a Class A Member only with respect to the Class A Units and not with respect to the Class B Units.

" ***Class A Units*** ." Means an interest in the capital, profits, losses and distributions of the Company and the right to vote or participate in the management of the Company and to receive information concerning the business and affairs of the Company, except as limited by the provisions of this Agreement. Each member shall be entitled to one vote for each Class A Unit held by such Member on all matters submitted to the Members in accordance herewith.

" ***Class B Member*** ." Means a Person who acquires Class B Units, and any successor to such Units of a Member. For purposes of this Agreement, a Class B Member who also holds Class A Units shall be treated as a Class B Member only with respect to the Class B Units and not with respect to the Class A Units.

" ***Class B Units*** ." Means an interest in the capital, profits, losses and distributions of the Company and to receive information concerning the business and affairs of the Company, except as limited by the provisions of this Agreement. The Class B Units shall be non-voting.

" ***Code*** ." Means the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law).

" ***Default Rule*** ." Means a rule or provision in the Act that (i) structures, defines, or regulates the finances, governance, operations or other aspects of a limited liability company organized under the Act; and (ii) applies except to the extent it is negated or modified through the provisions of a limited liability company's articles of organization or operating agreement.

" ***Disability*** ." Means the incapacitation or disability of an individual by accident, sickness or otherwise so as to render such individual mentally or physically incapable of performing the duties required to be performed by such individual hereunder, for any period of ninety (90) consecutive days or for an aggregate of one hundred twenty (120) days in any period of 365 consecutive days.

" ***Economic Interest*** ."
Means a Member's or Economic Interest Owner's rights under this Agreement and the Act to (a) share in the Company's profits and losses (including Net Profits and Net Losses) and (b) receive distributions from the Company, but shall not include any right to vote on, consent to or otherwise participate in any decision of the Members, or any other decision concerning the management and affairs of the Company.

" ***Economic Interest Owner*** ."

Means the owner of an Economic Interest who is not a Member.

" ***Entity*** ." Means any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association or any foreign trust or foreign business organization.

" ***Fair Market Value*** ." Means, with respect to any asset, the value of such asset determined on the basis of an arm's length sale for cash occurring on the valuation date between an informed and willing buyer and seller (neither being under any compulsion to buy or sell), which, except as otherwise provided in this Agreement, shall be determined in good faith by the Board, taking into account all relevant factors determinative of value.

" ***Fiscal Year*** ." Except as otherwise provided in this definition, the twelve (12) month period commencing on January 1 of each calendar year and ending on December 31 of each calendar year, with the last Fiscal Year being the period beginning on January 1 of the year in which the final liquidation and termination of the Company is completed and ending on the date such final liquidation and termination is completed. To the extent any computation or other provision hereof provides for an action to be taken on the basis of a Fiscal Year, an appropriate proration or other adjustment shall be made in respect of the final Fiscal Year to reflect that such period is less than a twelve (12) month period.

" ***Foreign Person*** . " Means a Person who is not a "United States Person" within the meaning of Section 7701(a)(30) of the Code.

" ***Gross Asset Value*** ." Means, with respect to any property, the property's adjusted basis for federal income tax purposes, except as follows:

(i) The initial Gross Asset Value of any property contributed by a Member to the Company shall be the Fair Market Value of such property, as determined by the contributing Member and the Board;

(ii) The Gross Asset Values of all Company property shall be adjusted to equal their respective Fair Market Values (taking Section 7701(g) of the Code into account), as determined by the Board, as of the following times: (A) the acquisition of additional Units in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (B) the distribution by the Company to a Member of more than a de minimis amount of property as consideration for Units; (C) the "liquidation" of the Company within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(g) other than a liquidation resulting from a termination of the Company pursuant to Section 708(b)(1)(B) of the Code; and (D) the issuance of Units in the Company as consideration for the provision of services to or for the benefit of the Company by an existing Member or by a new Member acting in a manner or capacity of or in anticipation of becoming a Member; provided , however , that adjustments pursuant to clauses (A), (B) and (D) shall be made only if the Board reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(iii) The Gross Asset Value of any Company property distributed to any Member shall be adjusted to equal the Fair Market Value of such property on the date of distribution, as determined by the distributee and the Board; and

(iv) The Gross Asset Values of all Company property shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such property pursuant to Sections 734(b) or 743(b) of the Code, but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m); provided , however , that Gross Asset Values shall not be adjusted pursuant to this clause (iv) to the extent the Board determines that an adjustment pursuant to clause (ii) of this definition is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this clause (iv).

If the Gross Asset Value of any property has been determined or adjusted pursuant to clauses (i), (ii) or (iv) of this definition, such Gross Asset Value shall thereafter be adjusted in accordance with Section 6.3 (a) .

" ***Majority Interest*** ." Means Members who own, in the aggregate, more than 50% of the Class A Units owned by all Class A Members in the aggregate; provided , however , that any reference to a " Majority Interest " of Members other than a specified Member or Members shall mean Members, other than the specified Member(s), who own more than fifty percent (50%) of the total Percentage Interests owned by all such Members.

" ***Manager*** ." Means any Person becoming a Manager of the Company in accordance with the terms hereof acting in such Person's capacity as a Manager of the Company.

" ***Member*** ." Each Person who executes a counterpart of this Agreement as a Member and each Person who may hereafter become a Member in accordance with this Agreement. To the extent a Manager acquires Units, it will have all the rights of a Member with respect to such Units, and the term "Member" as used herein shall include a Manager to the extent it has purchased such Units.

" ***Member Nonrecourse Deduction*** ." Means, with respect to the Company, a "partner nonrecourse deduction" within the meaning of Treasury Regulation Section 1.704-2(i).

" ***Net Available Cash*** ." Means all cash of the Company on hand as of any given time (excluding any cash that represents Net Capital Proceeds as determined by the Board) after the payment of all then due debts and liabilities of the Company and after any prepayments of any debts and liabilities of the Company that the Board deems appropriate to cause the Company to make, less any Reserves.

" ***Net Capital Proceeds*** ." Means the net cash proceeds received or to be received by the Company upon a Sale of the Company, less the sum of (i) all payments of principal, interest and other amounts then

due on any indebtedness of the Company, (ii) all expenses and other amounts paid or payable in cash by the Company in connection with or as a result of such Sale of the Company and (iii) Reserves.

" ***Net Profits*** " or " ***Net Losses*** ." For each Allocation Period, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss), with the following adjustments:

(i) any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Net Profits or Net Losses pursuant to this definition shall be added to such taxable income or loss;

(ii) any expenditures of the Company described in Section 705(a)(2)(B) of the Code or treated as such pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(i) and not otherwise taken into account in computing Net Profits or Net Losses pursuant to this definition shall be subtracted from such taxable income or loss;

(iii) if the Gross Asset Value of Company property is revalued pursuant to clauses (ii), (iii) or (iv) of the definition herein of Gross Asset Value and such revaluation is not also subject to Section 6.3(c) , then the net increase or net decrease in the Gross Asset Value of all Company property resulting therefrom shall be added to (with respect to a net increase) or subtracted from (with respect to a net decrease) such taxable income;

(iv) if any Company property has a Gross Asset Value which differs from the property's adjusted basis for federal income tax purposes, then Net Profits and Net Losses (and items of income, gain, loss or deduction) shall be computed by reference to the Gross Asset Value of Company assets disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value, and in accordance with Section 6.4(a) ; and

(v) any item of Company income, gain, loss or deduction that is allocated to the Members under Section 6.3 shall not be taken into account in computing Net Profits and Net Losses.

The amounts of the items of Company income, gain, loss or deduction available to be specially allocated pursuant to Section 6.3 shall be determined by applying rules analogous to those set forth in paragraphs (i) through (iv).

" ***Nonrecourse Deduction*** ." Means, with respect to the Company, a "nonrecourse deduction" within the meaning of Treasury Regulation Section 1.704-2(b)(1).

" ***Percentage Interest*** ." Means as of any date, the number, expressed as a percentage and rounded to the nearest 100 th , as determined by dividing (a) the number of Units owned by the Member, by (b) the number of Units owned by all Members.

" ***Person*** ." Means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors, and assigns of such "Person" where the context so permits.

" ***Reserves*** ." Means funds or other amounts set aside or otherwise allocated or designated in amounts determined by the Board for working capital and to pay taxes, insurance, debt service or other costs or expenses incident to the ownership or operation of the Company's business, or for any other valid purpose concerning the Company as determined by the Board in its reasonable discretion.

" ***Sale of the Company*** . " Means any of the following transactions:

(a) any merger or consolidation of the Company with or into any other Person, or any other reorganization, in which the Members of the Company as constituted immediately prior to such merger, consolidation or reorganization own less than fifty percent (50%) of the Company's voting power immediately after such merger, consolidation or reorganization, or any other transaction or series of related transactions in which the Members immediately prior to such transaction or series of related transactions will, immediately after such transaction or series of related transactions, fail to hold at least 50% of the voting power of the Company, or if the Company is not the resulting or surviving person in such transaction(s), such resulting or surviving Person; or

(b) a sale, lease, transfer or other disposition (whether by merger or otherwise), in a single transaction or any series of related transactions, by the Company of all or substantially all of the assets of the Company to any Person other than a wholly-owned subsidiary of the Company.

" ***Succession*** ." Means of or with respect to an interest in the Company means any involuntary (whether by operation of law or otherwise) sale, assignment or other disposition, or pledge, hypothecation or other encumbrance, or other alienation, of such interest (and for this purpose (a) a transfer of a decedent's interest in the Company pursuant to his or her will or the laws of intestacy is to be considered "involuntary," and (b) a purported transfer of an interest in the Company in connection with an organization's voluntary liquidation is to be considered "voluntary") (the purchaser, assignee, or other recipient, or pledgee, hypothecatee, or other alienee of such interest, or the holder of such encumbrance, being referred to as the " ***Successor*** " of or with respect to such interest, and the Member who held such interest immediately before such Succession being referred to as the " ***Predecessor*** " of or with respect to such interest).

" ***Tax Matters Partner*** ." Means the meaning set forth in Section 6231 of the Code, and in a similar capacity for any state and local income tax purposes.

" ***Taxable Year*** ." Means the Company's accounting period for federal income tax purposes determined pursuant to Section 7.3 .

" ***Transfer*** ." Means, with respect to Units, any transfer, sale, gift, exchange, assignment, conveyance, pledge or the creation of any lien on or making any other disposition thereof.

" ***Transferring Member*** ." Means a Member who transfers for consideration or gratuitously all or any portion of its Units in accordance with this Agreement.

" ***Treasury Regulations*** ." Means the income tax regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

" ***Unreturned Capital Contribution.*** " Means, as of any specified date, and with respect to a Class A Member, the excess, if any of (a) the aggregate Capital Contributions to the Company by such Class A Member, over (b) subject to Section 5.2(d) , the aggregate amount of any cash and the Fair Market Value of any property distributed to such Class A Member pursuant to Section 5.1(b)(i) and such amounts distributed to such Class A Member with respect to their Unreturned Capital Contribution pursuant to Section 9.3(d).

IN WITNESS WHEREOF, the Company, the Members and the Managers have executed this Agreement effective as of the Effective Date.

COMPANY:
BAD DADDY'S FRANCHISE DEVELOPMENT, LLC
By: BAD DADDY'S INTERNATIONAL, LLC
By: */s/ Dennis L. Thompson*
Dennis L. Thompson, Manager

By: */s/ Joseph R. Scibelli*
Joseph F. Scibelli, Manager

Address: 601 Corporate Circle
Golden, Colorado 80401-5622

With a copy to:
Address: 601 South Kings Drive, Suite HH
Charlotte, North Carolina 28204
Attn: Managers

MEMBERS:
BAD DADDY'S INTERNATIONAL, LLC
By: */s/ Dennis L. Thompson*
Dennis L. Thompson, Manager

By: */s/ Joseph R. Scibelli*
Joseph F. Scibelli, Manager

Address: 601 South Kings Drive, Suite HH
Charlotte, North Carolina 28204
Attn: Managers

GOOD TIMES RESTAURANTS INC.
By: */s/ Boyd Hoback*
Boyd Hoback, Chief Executive Officer

Address: 601 Corporate Circle
Golden, Colorado 80401-5622

MANAGERS:

/s/ Dennis L. Thompson
Dennis L. Thompson

/s/ Joseph F. Schbelli
Joseph F. Scibelli

/s/ Eric Fenner
Eric Fenner

/s/ Boyd E. Hoback
Boyd Hoback

/s/ Alan Teran
Alan Teran

SCHEDULE A

SCHEDULE OF MEMBERS
OF
BAD DADDY'S FRANCHISE DEVELOPMENT, LLC

Dated as of the Effective Date

Name	Class A Units Issued	Class B Units Issued	Percentage Interests	Capital Contributions*
BAD DADDY'S INTERNATIONAL, LLC	5,200	0	46.80% [1.]	$812,500.00
GOOD TIMES RESTAURANTS INC.	4,800	0	43.20% [2.]	$750,000.00
BOYD HOBACK	0	555	5.00% [3.]	0
SCOTT SOMES	0	555	5.00% [3.]	0
Total	**10,000**	**1,110**	**100%**	**$1,562,500.00**

1. 52% of voting.
2. 48% of voting.
3. Subject to Section 5.1(c) and the individual Grant Agreements applicable thereto.

*Assumes the full amount of all Capital Contributions pursuant to Section 2.2(b) have been made as and when due hereunder.

EXHIBIT A

FORM OF MANAGEMENT AGREEMENT

(see attached)

5230180v8

MANAGEMENT SERVICES AGREEMENT

THIS MANAGEMENT SERVICES AGREEMENT (this " Agreement ") is made this 9 day of April, 2013 by and between Good Times Restaurants Inc., a Nevada corporation (" GTR "), and Bad Daddy's Franchise Development, LLC, a North Carolina limited liability company (" BDFD "). GTR and BDFD are sometimes referred to herein collectively as the " Parties " and each individually as a " Party ".

NOW, THEREFORE, in consideration of the foregoing premises and of the mutual promises, covenants and agreements contained herein, the Parties hereby agree as follows:

1. Engagement for Services .

(a) Services . BDFD hereby engages GTR to provide and perform, and GTR hereby accept such engagement and agrees to provide and perform, such services related to BDFD's business as may be set forth in one or more statements of work that are agreed to and signed by both Parties from time to time (each, an " SOW "), and all such services (hereinafter referred to as the " Services ") shall be provided and performance in accordance with this Agreement (and such SOWs). The first two (2) SOWs are attached hereto as Exhibit A . If there is a conflict or ambiguity between any term of this Agreement and an SOW, the terms of the SOW will prevail with respect to the Services described in that SOW only. GTR hereby agrees that it shall agree to provide any services related to the business of BDFD that BDFD reasonably proposes that GTR provide, and the Parties shall work together in good faith to negotiate and agree upon a mutually acceptable pricing structure for such additional services, which shall thereafter be set forth in an SOW, provided that the Parties envision that such pricing shall not be greater than the price at which BDFD would be able to secure such services from an equally qualified third party vendor. With respect to all matters covered by this Agreement, GTR shall report to, and shall only take its instructions from, the Board of Managers of BDFD.

(b) Service Standards . In providing the Services hereunder, GTR shall:

(i) Render the Services in a professional, safe, expeditious, timely and workmanlike manner in accordance with United States generally accepted industry standards for services of the type performed hereunder at the time so performed.

(ii) Comply in all material respects with all applicable laws, ordinances, rules and regulations of any country, state, province, county, municipality or other governmental unit or agency with jurisdiction.

(iii) Promptly provide to BDFD all documentation, data and/or other information relating to the Services as requested thereby.

(iv) Maintain such insurance coverage, including business interruption insurance, as reasonably requested by BDFD from time to time.

(c) Defects . In addition to all other rights of BDFD hereunder, if any defect or deficiency occurs with respect to GTR's provision of the Services hereunder, GTR, at the option of BDFD, shall correct such defect or deficiency at no charge to BDFD in a manner consistent with the standards set forth in Section 1(b) above.

2. Term and Termination . The term of this Agreement shall commence as of the date first written above, and shall continue until the third anniversary of such date. In addition, this Agreement

may be terminated before the expiration of the term upon the occurrence of any of the following events, provided that any provisions hereof that by their express terms or nature are meant to survive such termination shall so survive:

(a) Termination by Either Party . This Agreement may be terminated upon written notice by a Party upon the occurrence of any of the following with respect to the other Party:

(i) Such Party files a petition under any bankruptcy or reorganization law, becomes insolvent, or has a trustee or receiver appointed by a court of competent jurisdiction for all or any part of its property;

(ii) Such Party seeks to effect a plan of liquidation, reorganization, composition or arrangement of its affairs, whether or not the same shall be subsequently approved by a court of competent jurisdiction; it being understood that in no event shall this Agreement or any right or interest hereunder be deemed an asset in any insolvency, receivership, bankruptcy, composition, liquidation, arrangement or reorganization proceeding;

(iii) Such Party has an involuntary proceeding filed against it under any bankruptcy, reorganization, or similar law and such proceeding is not dismissed within sixty (60) days thereafter;

(iv) Such Party makes a general assignment for the benefit of its creditors;

(v) Such Party breaches any obligation hereunder (other than those identified in this Section 2(a) as separate grounds for termination hereof) and fails to cure such within thirty (30) days following written notice thereof; or

(vi) Either Party upon ten (10) days written notice thereof if the Parties are unable to agree upon a mutually acceptable pricing structure for additional services to be provided by GTR hereunder within forty-five (45) days following commencement of such price negotiations.

(b) Termination by BDFD . This Agreement may be terminated upon written notice by BDFD upon the occurrence of any of the following with respect to GTR:

(i) Any executives or senior management of GTR are convicted of or plead no contest to a felony, a crime involving moral turpitude or any other crime or offense that is likely to adversely affect the reputation of the Bad Dadd y's System (as defined below) and the goodwill associated with the Marks (as defined below);

(ii) Repeated failure to enforce franchisees' compliance with the system standards associated with the Bad Daddy's System, the cure for which failure is not commenced within fifteen (15) days after written notice thereof is delivered to GTR and not thereafter diligently pursued by GTR;

(iii) GTR (A) misuses or makes an unauthorized use of or misappropriates any Mark or (B) commits any act which can be reasonably expected to materially impair the goodwill associated with any Mark and that is not cured, if capable of cure, within fifteen (15) days after written notice thereof is delivered to GTR;

(iv) Bad Daddy's franchisees (that are not affiliates of GTR or BDI (as defined below)), on a cumulative basis, fail to open at least three (3) Bad Daddy's restaurants during each

of calendar year 2014 and calendar year 2015; provided , that any Restaurants (that are not affiliates of GTR or BDI) opened in calendar year 2013 (other than the Greenville, SC location currently in development) shall count toward this requirement;

(v) GTR fails to adhere to the then current Business Plan, expressly including the budget included therein, as approved by the board of BDFD in all material respects, which failure is not cured, if capable of cure, within thirty (30) days following written notice thereof; or

(vi) GTR fails to make the Capital Contribution contemplated by Section 2.2 (b) of the Amended and Restated Operating Agreement of BDFD of even date herewith, as and when required therein.

(c) Termination by GTR . This Agreement may be terminated upon written notice by GTR upon the occurrence of any of the following with respect to Bad Daddy's International, LLC (" BDI ") or BDFD:

(i) Dennis Thompson or Frank Scibelli are convicted of or plead no contest to a felony, a crime involving moral turpitude or any other crime or offense that is likely to adversely affect the reputation of the Bad Daddy's System (as defined below) and the goodwill associated with the Marks (as defined below);

(ii) On the sale of BDI's interest in BDFD; or

(iii) If BDFD fails to pay any undisputed SOW fees or reimbursable expenses to GTR when due and after thirty (30) days written notice to BDFD, provided such failure is not due directly or indirectly to the acts or omissions of GTR and/or its officers, in their capacities as members, managers and/or officers of BDFD.

(d) Procedures upon Termination . Upon the expiration or earlier termination of this Agreement, GTR shall promptly deliver to BDFD printed or electronic copies of all documents, files and records maintained by GTR in connection with BDFD, the Bad Daddy's System or the provision of the Services hereunder.

(e) Certain Transition Services. Upon termination of this Agreement prior to the expiration of the term hereof, and so long as BDFD continues to comply with its payment obligations hereunder, GTR shall make available, at BDFD's request, all or a portion of the Services to BDFD for a transitional period of no more than 180 days following such termination (the " Transition Term ") on the following terms and conditions, which shall be in addition to the other terms and conditions set forth in this Agreement applicable to the Services provided thereby (the " Transition Services "):

(i) The parties acknowledge and agree that the Transition Services are being provided and received on a transitional basis in order to assist BDFD to achieve an orderly and efficient transition of the provision of Services to BDFD's employees or to another provider (or other person or entity) with a minimal degree of disruption to BDFD's and its franchisees' and licensees' businesses. Nevertheless, BDFD shall use its commercially reasonable efforts to end its use of the Transition Services as soon as reasonably possible. The service fees payable with respect to the Transition Services shall be one hundred fifteen percent (115%) of the service fees paid for those Services that will be continued during the Transition Term immediately prior to the termination of this Agreement, provided costs will still be reimbursed at one hundred percent (100%) in accordance with the terms hereof.

(ii) In providing the Transition Services, GTR shall not be obligated to: (A) hire any additional employees, (B) maintain the employment of any specific individual, or (C) purchase, lease or license any equipment or software.

(iii) For purposes of clarity, BDFD may terminate the Transition Services prior to the end of the Transition Term for any or no reason upon thirty (30) days prior written notice to GTR.

3. Confidentiality . During the course of performing its duties under this Agreement, GTR shall receive and/or generate Confidential Information regarding the business of BDFD. GTR agrees that all Confidential Information and all records, documents and materials relating to all of such Confidential Information, shall be and remain the sole and exclusive property of BDFD and that GTR shall only be permitted to use such Confidential Information as necessary to perform the Services as set forth herein. Upon termination of this Agreement for any reason, GTR shall return any and all Confidential Information to BDFD. For purposes of this Agreement, the term " Confidential Information " means information owned by BDFD or its affiliates, franchisees or licensees or disclosed to GTR (and all derivations thereof) in any form comprising or relating to the Bad Daddy's franchise system and its franchisees and licensees, the proprietary ideas, designs, products, descriptions, test data, reports, recommendations and records of BDFD or its affiliates or the "Bad Daddy's System", which refers to the name "BAD DADDY'S BURGER BAR" and all other trade names, trademarks, service marks, logos, emblems, insignia and signs developed for use in connection with the Bad Daddy's restaurants from time to time; specially designed fixtures, equipment, facilities, containers, and other items used in serving and dispensing food products; products, methods, procedures, recipes, distinctive food products and the formula and quality standards therefor; and instructional materials and training courses, and specifically including the following: (a) décor, (b) uniform design elements (look and feel), (c) signage, (d) menus, and (e) any other aspects of operation of a Bad Daddy's restaurant that is visible to the public, relates to the manner and composition of food products or directly affects customer experience. However, Confidential Information shall not include information which: (i) is or becomes publicly available without restriction through no fault of GTR or its affiliates, or (ii) was previously known to GTR before the date hereof other than by virtue of disclosure thereof by BDFD or its affiliates, franchisees or licensees. Further, to the extent GTR is required by applicable law or court order to disclose any Confidential Information, such disclosure shall not constitute a violation of this Section 3 , provided that GTR gives BDFD immediate advance written notice of such required disclosure and cooperates reasonably with BDFD in any lawful effort by BDFD to oppose or limit such disclosure or to seek confidential treatment of such disclosure. The obligations set forth in this Section 3 shall continue during the term of this Agreement and for two years following the expiration or earlier termination hereof; provided , however , GTR's obligations with respect to any Confidential Information that constitutes a trade secret under applicable law shall continue for as long as such Confidential Information remains a trade secret.

4. Indemnification; Limitation of Liability .

(a) General . Each Party will indemnify, defend and hold harmless the other Party and its affiliates and their respective employees, directors, officers, principals (partners, shareholders or holders of an ownership interest, as the case may be) and agents, from and against any third party claims, demands, loss, damage or expenses (including reasonable attorneys' fees and court costs) relating to or arising out of (a) a breach by the indemnifying Party of any representations, warranties, covenants or agreements set forth in this Agreement, including any SOWs executed in connection herewith, or (b) the gross negligence or willful misconduct of the indemnifying Party, its personnel or agents during the performance or receipt of the Services.

(b) Limitation of Liability . Except to the extent awarded in a third party claim, in no event will either Party be liable for any consequential, incidental, indirect, special or punitive damage, loss or expense (including, but not limited to, business interruption, lost business, lost profits or lost savings) even if it has been advised of their possible existence. Any action by either Party must be brought within two (2) years after the cause of action arose.

5. Relationship of the Parties . GTR is and will remain during the term of this Agreement an independent contractor of BDFD. Nothing in this Agreement shall be construed to constitute either Party as an employee, agent, partner, franchisee or joint venturer of the other. Except to the extent expressly provided in this Agreement or in another written instrument executed by the Parties, neither Party shall have any authority to transact business or otherwise act on behalf or in the name of, or to bind, the other Party in any manner whatsoever.

6. Notices . All notices, requests, demands, claims and other communications permitted or required to be given hereunder shall be in writing and shall be deemed duly given and received (i) if personally delivered, when so delivered, (ii) if mailed, three business days after having been sent by registered or certified mail, return receipt requested, postage prepaid and addressed to the intended recipient as set forth below, or (iii) if sent through a same-day or overnight delivery service in circumstances as to which such service guarantees next day delivery, the day following being so sent:

(a) if to GTR, to:
601 Corporate Circle
Golden, CO 80401
Attention: Boyd Hoback

(b) if to BDFD, to:
601 South Kings Drive, Suite HH
Charlotte, North Carolina 28204
Attn: Dennis Thompson and Frank Scibelli

Either Party may change its address for the receipt of notices, requests, demands, claims and other communications hereunder by giving the other party notice of such change in the manner herein set forth.

7. Assignment; Subcontracting . Neither Party may assign its rights or delegate or subcontract its obligations hereunder without the prior written consent of the other Party, which shall not be unreasonably withheld or delayed.

8. Successors and Assigns . This Agreement shall be binding upon and shall inure to the benefit of the Parties and their successors and permitted assigns, and any reference hereto to a Party shall also be a reference to a permitted successor or assign. Nothing expressed or implied in this Agreement is intended, or will be construed, to confer upon or give any person or entity other than the Parties and their successors and permitted assigns any right, remedy, obligation or liability under or by reason of this Agreement, or result in such person or entity being deemed a third party beneficiary of this Agreement.

9. Governing Law . This Agreement will be governed by and interpreted in accordance with the laws of the State of Colorado, including all matters of construction, validity, performance and enforcement, without regard to conflicts-of-laws principles that would require the application of any other law.

10. Dispute Resolution . If a dispute arises under this Agreement, then within ten (10) days after a written request by either Party, the Parties shall promptly confer to resolve such dispute, provided

that in any such conference, BDFD shall be represented by one or more of its managers that were appointed by BDI. If such dispute cannot be resolved by the foregoing procedure, the Parties shall engage in at least twelve (12) hours of formal, non-binding mediation with a recognized alternative dispute resolution provider in a mutually acceptable location to resolve such dispute. Nothing in this Section 10 shall impair either Party's termination rights provided for in this Agreement. The Parties shall continue to perform their obligations under this Agreement during the pendency of any dispute resolution proceeding, except in the event of a termination by BDFD, GTR shall not provide the Services following such termination if BDFD instructs GTR in writing to cease providing such Services effective as of such termination (or such other date as set forth in such writing).

11. Entire Agreement . This Agreement and any addendum, schedule, exhibit or SOW attached hereto and the then current Business Plan of BDFD contains the entire agreement between the parties hereto relating to the subject matter hereof and no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, have been made or relied upon by the parties other than those set forth herein. No agreement altering, changing, waiving or modifying any of the terms and conditions of this Agreement shall be binding upon either party unless and until the same is made in writing and executed by all interested parties.

12. Counterparts . This Agreement may be signed in multiple counterpart copies, each of which will be deemed an original , and all of which together constitute one and the same document .

[Signatures on following page]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

GOOD TIMES RESTAURANTS INC., a Nevada corporation

By: */s/ Boyd Hoback*
Boyd Hoback, Chief Executive Officer

BAD DADDY'S
FRANCHISE DEVELOPMENT, LLC, a North Carolina limited liability company

By: */s/ Dennis Thompson*
Dennis Thompson, Co-Chairman

By: */s/ Frank Scibelli*
Frank Scibelli, Co-Chairman

EXHIBIT A
STATEMENT OF WORK #1

General Management Services

Good Times Restaurants Inc. (" GTR ") shall manage the day to day operations and development of Bad Daddy's Franchise Development LLC (" BDFD ") and oversee the expansion of the Bad Daddy's brand through franchising, effective as of the date of the Management Services Agreement, in accordance with the terms thereof and the then current BDFD Business Plan (including the budget included therein), a copy of which shall be provided to GTR. A General Management Fee shall be paid by BDFD to GTR for such services, which shall be set forth in the BDFD Business Plan and re-evaluated on a quarterly basis by agreement between BDFD's Board of Managers and GTR. GTR shall provide an estimate to the BDFD Board for such General Management Fee on a quarterly basis. In addition to such fees, all identifiable direct out-of-pocket costs of GTR incurred on behalf of BDFD shall be billed directly to BDFD, provided that receipts and/or other credible evidence thereof is provided to BDFD and any individual or series of related out-of-pocket costs in excess of $2,500 shall be pre-approved by the BDFD Board of Managers (unless expressly contemplated by the then current Business Plan). GTR shall obtain prior approval from the BDFD Board with regard to any of the services and materials below that may affect Bad Daddy's System.

1. Scott Somes, the Chief Operating Officer of BDFD as of the date hereof, shall be employed by GTR and GTR shall be fully reimbursed by BDFD for any salary, benefits and expenses as a leased employee as approved as of the date hereof and as further approved annually by BDFD; provided , that if Scott spends any portion of his working time fully engaged in a function role with the Good Times brand restaurants and/or BD of Colorado, LLC, only the appropriate pro rata portion of his salary, benefits and expenses (based on his time spent providing services for BDFD versus such other businesses/entities) will be allocated to and paid by BDFD. Scott will be responsible for overseeing compliance with and enforcement of the standards of the Bad Daddy's System.

2. Boyd Hoback, the Chief Executive Officer of BDFD as of the date hereof, until the earlier of six months from the date of this agreement or further agreement with BDFD shall not be compensated by BDFD but a reasonable portion of the costs of his services to BDFD shall be considered in determining the General Management Fee.

3. GTR shall hire a Vice-President of Franchise Development as and when and such terms as agreed by BDFD whose employment costs shall be reflected in the General Management Fee.

4. Franchise Sales Services:

    a. GTR shall work with BDI to develop a franchise sales system including sales materials, advertising strategy, public relations, qualification process, approval process, face to face meetings/discovery day processes and documentation.

    b. GTR shall oversee the franchise legal compliance process including FDD updates, state registrations, proper disclosure processes and individual franchisee documentation. All third party legal costs shall be paid directly by BDFD.

BDFD:
Signature *: /s/Dennis Thompson*
Name: Dennis Thompson

Date: April 9, 2013

Signature: */s/ Joseph F. Scibelli*
Name: Joseph F. Scibelli

Date: April 9, 2013

GTR:
Signature: */s/ Boyd Hoback*
Name: Boyd Hoback

Date: April 9, 2013

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STATEMENT OF WORK #2

Accounting/ IT/Administrative Services:

GTR shall provide BDFD the following Services from and after the date hereof.

a. Budgeting and forecasting.

b. Banking and cash management.

c. Payroll and benefits for leased employees shall be billed based on hard costs.

d. Preparation of monthly financial statements (income statement, statement of cash flow and balance sheet) and supporting line item schedules using Sage Platinum Accounting Software.

e. Establish the POS, back office, food costing and labor modules with monthly theoretical vs actual food and labor cost reporting, daily and weekly dashboard reporting as it is developed

f. GTR shall develop a franchise operations report and scorecard based on key operating metrics, consumer metrics and financial data.

g. Monthly management report and online access to daily, weekly and monthly sales and financial data and collection of monthly operating financial statements for each franchise restaurant with comparative reporting for the system, as it is developed

h. Establish ACH collection of royalties and Ad Fund contributions from franchisees and franchisee reporting forms. GTR shall provide accounting services with respect to the Ad Fund with the segregation of funds and shall provide an annual line item budget.

i. Establish systemwide polling of Micros POS data from every Bad Daddy's restaurant with dashboard reports for management and franchisees, including quarterly sales mix analysis and trends. BDFD shall pay for database consolidation software directly.

j. Oversee the annual audit for BDFD.

k. Administrative services shall include secretarial support, office space, use of GTR' copiers (hard costs shall be charged by piece) and computer network. Long distance phone expenses and other directly identifiable incremental expenses shall be billed at cost.

Sue Knutson, Boyd Hoback, Frank Scibelli and Eric Fenner shall be authorized signatories on BDFD operating bank accounts and checks.

The initial Accounting/IT/Administrative Services fee shall be $2,000 per month for the first six (6) months and then evaluated and adjusted on a quarterly basis as agreed to by the BDFD Board of Managers and GTR. Bad Daddy's International, LLC shall be able to incorporate all accounting tools developed for BD Colorado or BDFD in its restaurants.

BDFD:
Signature *: /s/Dennis Thompson*
Name: Dennis Thompson

Date: April 9, 2013

Signature: */s/ Joseph F. Scibelli*
Name: Joseph F. Scibelli

Date: April 9, 2013

GTR:
Signature: */s/ Boyd Hoback*
Name: Boyd Hoback

Date: April 9, 2013

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LICENSE AGREEMENT

THIS LICENSE AGREEMENT (this " ***Agreement*** ") is made and entered into this 9th day of April, 2013 (the " ***Effective Date*** "), by and between BAD DADDY'S FRANCHISE DEVELOPMENT, LLC, a North Carolina limited liability company with its principal office at 601 Corporate Circle, Golden, Colorado 80401-5622 (with copies of all correspondence to 601 South Kings Drive, Suite HH, Charlotte, North Carolina 28204) (" ***Licensor*** "), and BD OF COLORADO LLC, a Colorado limited liability company with its principal office at 601 Corporate Circle, Golden, Colorado 80401-5622 (" ***Licensee*** ").

W I T N E S S E T H:

WHEREAS, Licensor has established, at a substantial expenditure of time, effort and money, a system (the " ***Bad Daddy's System*** ") of developing, opening and operating a full-service, full-bar restaurant concept under the trademark "BAD DADDY'S BURGER BAR" featuring fresh, hand-pattied gourmet burgers, sandwiches, house-made french fries and potato chips, original salads, appetizers, old fashioned milkshakes and "concretes," liquor, beer and wine, and other food products and beverages (each, a " ***Bad Daddy's Restaurant*** " or " ***Restaurant*** ", and collectively, the " ***Bad Daddy's Restaurants*** " or " ***Restaurants*** "); and

WHEREAS, the distinguishing features of the Bad Daddy's System, include, but are not limited to, the name "BAD DADDY'S BURGER BAR" and all other trade names, trademarks, service marks, logos, emblems, insignia and signs developed for use with the Bad Daddy's System from time to time (collectively, the " ***Marks*** "); specially designed fixtures, equipment, facilities, containers, and other items used in serving and dispensing food products; products, methods, procedures, recipes, distinctive food products and the formula and quality standards therefor; and instructional materials and training courses; all of which may be changed, improved and further developed by Licensor from time to time; and

WHEREAS, Licensor has acquired knowledge and experience in the composition, distribution, advertising and sale of food products by Restaurants using the Bad Daddy's System and with respect to the style of the facilities and signs used by these Restaurants and has successfully established a reputation, demand and goodwill for their products; and

WHEREAS, Licensee recognizes the value and benefits that can be derived from utilizing the Bad Daddy's System and being associated with Licensor, the Marks and the other distinctive features of the Bad Daddy's System, and desires to obtain a license from Licensor to use the Bad Daddy's System and to operate a Bad Daddy's Restaurant at an approved location, and Licensor is willing to grant such a license to Licensee, all subject to the terms and conditions of this Agreement.

NOW, THEREFORE, for and in consideration of the covenants and agreements hereinafter set forth, the parties hereto covenant and agree as follows:

1. **Grant of License** . During the term of this Agreement, Licensor hereby grants to Licensee the non-exclusive right and license, and Licensee undertakes the obligation, to develop and operate a Bad Daddy's Restaurant and to use the Marks and the Bad Daddy's System solely in connection therewith and in accordance with the terms and conditions of this Agreement. Licensee agrees to use the Marks and the Bad Daddy's System, as they may be changed, improved and further developed by Licensor from time to time. Unless otherwise agreed by Licensor, Licensee has eighteen (18) months from the Effective Date to complete the initial training as required by Section 12.1 and to commence operation of the Restaurant.

2. **Term** . Unless terminated earlier in accordance with the terms and conditions set forth herein, this Agreement and the license granted hereunder shall have an initial term of ten (10) years commencing as of the Effective Date (the " *Initial Term* "), and thereafter shall be renewable by Licensee for two (2) additional ten (10) year terms upon written notice to Licensor provided at least ninety (90) days prior to the expiration of the Initial Term or the then current renewal term.

3. Licensee Site and Territory.

3.1 Licensee Site . Except as set forth in Section 3.4 below, the rights granted to Licensee hereunder shall be non-exclusive and shall be restricted to the operation of a single Bad Daddy's Restaurant to be located at the address and location set forth on Exhibit A attached hereto (the " ***Licensee Site*** "). During the term of this Agreement, the Licensee Site shall be used exclusively to operate a Restaurant. Licensee agrees not to carry on or conduct or permit others to carry on or conduct any other business, activity or operation at the Restaurant or the Licensee Site, without first obtaining the written consent of Licensor. In connection with the execution of any lease or sublease for the Licensee Site, Licensee must execute, and cause the lessor and/or sublessor of the Licensee Site to execute, Licensor's standard form of lease rider, the current version of which is attached hereto as Exhibit B , in addition to complying with any other obligations and conditions of Licensor relating to the lease or sublease of the Licensee Site and the development and construction of the Restaurant. The rights granted to Licensee are for the specific Licensee Site and cannot be transferred to any other location, except with Licensor's prior written approval.

3.2 Territorial Protection . Licensor will not establish for itself or grant a license or franchise to any other party to establish a Restaurant within the territory specified on Exhibit A attached hereto (the " ***Licensed Territory*** "). Except as expressly provided in the prior sentence and as otherwise set forth in Section 3.4 below, Licensee acknowledges that the license granted under this Agreement is non-exclusive, Licensee has no territorial protection and Licensee has no right to exclude, control or impose conditions on the location or development of other Restaurants under the Marks, or on any sales or distribution of products under the Marks or other business activities of Licensor or any other party licensed to use the Marks.

3.3 Rights Retained by Licensor . Without limiting the foregoing, Licensor retains the right, in its sole discretion, to:

(a) Establish and operate, and grant to other franchisees or licensees the right to establish and operate, a Bad Daddy's Restaurant or any other business using the Marks, the Bad Daddy's System or any variation of the Marks and the Bad Daddy's System, in any location outside the Licensed Territory on any terms and conditions that Licensor deems appropriate;

(b) Develop, use and franchise anywhere (including within the Licensed Territory) the rights to any trade names, trademarks, service marks, commercial symbols, emblems, signs, slogans, insignia, patents or copyrights not designated by Licensor as Marks, for use with similar or different franchise systems for the sale of similar or different products or services than those constituting a part of the Bad Daddy's System, without granting Licensee any rights therein;

(c) Own, operate, franchise or license anywhere restaurants of any other type whatsoever operating under marks other than the Marks; and

(d) Offer, distribute, sell and provide products or services identified by the Marks or other trademarks, service marks, commercial symbols or emblems to customers located in the Licensed Territory through any distribution channel or method, including grocery stores, convenience stores,

Internet (or any other existing or future form of electronic commerce), and delivery services without compensation to Licensee; provided , however , that any such sales will not be made from a Bad Daddy's Restaurant located in the Licensed Territory.

3.4 Development Rights .

(a) During the term of this Agreement, Licensor hereby grants to Licensee, subject to the terms and conditions contained herein, the right to establish and operate, directly or through one or more Affiliates, up to nine (9) more Bad Daddy's Restaurants, as set forth on the development schedule (the " *Development Schedule* ") attached hereto as Exhibit C . Each Bad Daddy's Restaurant to be established hereunder shall be located in the State of Colorado (the " *Area of Responsibility* "). Following the date on which Licensee has developed all Restaurants contemplated by this Section 3.4(a) in accordance with the Development Schedule and provided all such Restaurants have been operated in accordance with the License Agreement related thereto, Licensee shall be entitled to open additional Restaurants inside the Area of Responsibility as and when determined by Licensee. Within Licensor's discretion, Licensor may consider sites proposed by Licensee outside the Area of Responsibility, which will count toward the Development Schedule if approved by Licensor. The operation of any Bad Daddy's Restaurant established pursuant to this Section 3.4 shall be governed by an individual license agreement to be entered into between Licensor and Licensee (or the applicable Affiliate) substantially in the form of this Agreement, with the following modifications (each, a " *License Agreement* ", and collectively, the " *License Agreements* "):

(i) the License Agreements shall exclude the development rights described in this Section 3.4 , which are and shall be described exclusively in this Agreement;

(ii) the initial term of each License Agreement shall be ten (10) years with an option to renew for two (2) additional ten (10) year periods;

(iii) (A) for the next Restaurant developed under a License Agreement following the date hereof, there shall be no initial license fee payable with respect thereto; (B) for each of the next three (3) Restaurants developed under License Agreements thereafter, there shall be a non-refundable initial license fee equal to $20,000 per Restaurant payable to Licensor; and (C) for each Restaurant developed under License Agreements thereafter, there shall be a non-refundable initial license fee equal to $10,000 per Restaurant payable to Licensor;

(iv) the Royalty Fee shall be three (3%) of Gross Sales;

(v) maximum amount of required advertising expenditures (expressed as a percentage of Gross Sales) under any License Agreement shall not exceed the maximum amount of any required advertising expenditures required under the this Agreement;

(vi) neither the geographic scope nor the length of time of the post-termination covenant not to compete in any License Agreement shall be increased from that which is set forth in this Agreement; and

(vii) no material change in the termination or transfer provisions of a License Agreement shall be made from those set forth in this Agreement.

For purposes hereof, " ***Affiliate*** " means, with respect to any Person, any Person directly or indirectly controlling, controlled by or under common control with such Person; " ***Person*** " means any individual or Entity; and " ***Entity*** " means a corporation, partnership, sole proprietorship, company, firm,

limited liability company, joint venture, trust, business association, organization, joint stock company, unincorporated organization, union, group acting in concert, governmental entity or other entity.

(b) Territorial Protections and Reservation of Rights .

(i) No Territorial Protection . Licensee or its Affiliates may establish the Restaurants required to be developed hereunder at any location within the Area of Responsibility provided that Licensor, in its sole discretion, consents in writing to the location and the location is not located in a territory in which any other Bad Daddy's Restaurant franchisee or licensee has exclusive rights or a right of first refusal. Licensor and Licensee acknowledge and agree that for so long as Licensee (A) is in full compliance with its development obligations under the Development Schedule and (B) is operating each Bad Daddy's Restaurant operated thereby in accordance with, and is not and has not at any time been in default (that has not been timely cured) under, the License Agreement related thereto, Licensee's rights in the Area of Responsibility shall be exclusive, subject to Section 3.4(b)(ii) below. Should either (A) or (B) in the prior sentence cease at any time to be true, Licensee's rights in the Area of Responsibility (but not in any Licensed Territory) shall cease to be exclusive from and after such date.

(ii) Reservation of Rights . Notwithstanding anything to the contrary set forth herein, Licensor retains the right, in its sole discretion, to:

(A) establish and operate, and grant to other franchisees or licensees the right to establish and operate, a Bad Daddy's Restaurant or any other business using the Marks, the Bad Daddy's System or any variation of the Marks or the Bad Daddy's System, in any location outside of the Area of Responsibility and, following the date on which the Area of Responsibility ceases to be exclusive pursuant to Section 3.4(b)(i) above, in any location inside of the Area of Responsibility that is not then subject to a License Agreement, and in each case on any terms and conditions that Licensor deems appropriate;

(B) develop, use and franchise anywhere (including within the Area of Responsibility) the rights to any trade names, trademarks, service marks, commercial symbols, logos, emblems, signs, slogans, insignia, patents or copyrights not designated by Licensor as Marks, for use with similar or different franchise systems for the sale of similar or different products or services than those constituting a part of the Bad Daddy's System, without granting Licensee any rights therein;

(C) own, operate, franchise or license anywhere restaurants of any other type whatsoever operating under marks other than the Marks; and

(D) offer, distribute, sell and provide products or services identified by the Marks or other trademarks, service marks, commercial symbols or emblems to customers located anywhere through any distribution channel or method, including grocery stores, convenience stores, the Internet (or any other existing or future form of electronic commerce), and delivery services within and outside the Area of Responsibility, without compensation to Licensee.

(c) Development Schedule; Termination . Licensee must (i) establish and open the specified minimum number of Restaurants on or before each of the dates specified on the Development Schedule and (b) maintain the specified minimum number of Restaurants in continuous operation as specified on the Development Schedule, in each case, in accordance with the License Agreement applicable thereto. In the event Licensee fails to comply with the foregoing requirements, this Section 3.4 shall automatically terminate without any further action by either party hereto and shall thereafter be of no further force or effect; *provided, however,* failure to meet the Development Schedule shall not be grounds to terminate this Agreement (other than this Section 3.4) or any other License Agreement previously entered into by Licensee with respect to a Bad Daddy's Restaurant.

3.5 Catering and Delivery Services . Licensor acknowledges and agrees that Licensee may provide catering services to any location within the Area of Responsibility; *provided, however,* in the event that a Bad Daddy's Restaurant that is not owned by an Affiliate of any of the members of Licensee is opened in the Area of Responsibility, the area in which Licensee shall have the right to provide catering services shall be automatically reduced (without any further action by Licensor or Licensee) to an area that is a reasonable distance from the Licensee Site not to exceed ten (10) miles, within or without the Licensed Territory. Licensor acknowledges and agrees that Licensee may provide delivery services within a reasonable distance from the Licensee Site not to exceed five (5) miles. Subject to the foregoing maximum mileage restrictions, Licensee may provide catering and delivery services in the exclusive territories of other Bad Daddy's Restaurant licensees or franchisees, and other Bad Daddy's Restaurant licensees or franchisees may provide the same services in the Licensed Territory.

4. Royalty Fee; Payments.

4.1 Royalty Fee . In addition to all other amounts required to be paid hereunder, during the term hereof, Licensee agrees to pay to Licensor for the rights granted hereunder a royalty fee equal to (a) three percent (3%) of the Gross Sales of the Restaurant (the " ***Royalty Fee*** "). Payment of the Royalty Fee shall be made no later than 5:00 pm each Wednesday for the Gross Sales of the week then ended. For purposes hereof, " ***Gross Sales*** " shall mean the amount of sales of food, beverages, wine, liquor and beer and other products and merchandise sold or services rendered in, on, about or from the Restaurant, together with any other revenues derived from the operation of the Restaurant, whether by Licensee or by any other Person, whether or not in accordance with the terms of this Agreement, and whether for cash or on a charge, credit, barter or time basis, including, but not limited to, all sales and services (a) where orders originate and/or are accepted by Licensee in the Restaurant but delivery or performance thereof is made from or at any place other than the Restaurant or (b) by telephone or other similar orders received or filled at or in the Restaurant. For purposes of determining the Royalty Fee, Advertising Fee, if any, and local advertising and Advertising Cooperative contributions, there shall be deducted from Gross Sales: (i) the amount of refunds, allowances or discounts to employees or customers (including coupon sales), provided the related sales have previously been included in Gross Sales; (ii) the amount of any credit card fees payable by Licensee; and (iii) the amount of any excise or sales tax levied upon retail sales and paid over to the appropriate governmental authority.

4.2 Automated Bank Draft . All Royalty Fees, Advertising Fees, Advertising Cooperative contributions and other fees or contributions required to be paid to Licensor or any Advertising Cooperative hereunder shall be paid by automated bank draft or such other method as determined by Licensor or the Advertising Cooperative, as applicable, in its sole discretion.

4.3 Late Payments and Insufficient Funds . All overdue payments for Royalty Fees, Advertising Fees and other fees required to be paid hereunder shall bear interest from the date due at the rate specified by Licensor from time to time, up to the highest rate permitted by law, but in no event shall such rate exceed one and one-half percent (1½%) per month. Interest shall accrue on all late payments

regardless of whether Licensor exercises its right to terminate this Agreement as provided for herein. In addition to its right to charge interest as provided herein, Licensor may charge Licensee a $100.00 late payment fee for all such overdue payments and a $100.00 insufficient funds fee for each check, automated bank draft payment, or other payment method that is not honored by Licensee's financial institution.

5. Records, Reports and Audits.

5.1 Bookkeeping and Recordkeeping. Licensee agrees to establish a bookkeeping and recordkeeping system conforming to the requirements prescribed from time to time by Licensor, relating, without limitation, to the use and retention of daily sales slips, coupons, purchase orders, purchase invoices, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, payroll records, journals and general ledgers. In establishing and maintaining Licensee's bookkeeping and recordkeeping system, Licensee shall use all form documents established by Licensor in the Operations Manual or otherwise. Licensee acknowledges and agrees that if Licensor is required or permitted by statute, rule, regulation or any other legal requirement to disclose any information regarding Licensee or the operation of the Restaurant, including, without limitation, earnings or other financial information, Licensor shall be entitled to disclose such information. In addition, Licensee hereby expressly permits Licensor to disclose any such information to potential purchasers (and their employees, agents and representatives) of Licensor in connection with the sale or transfer of any equity interests or assets of Licensor or any merger, reorganization or similar restructuring of Licensor.

5.2 Reporting. Licensee must provide Licensor with those financial reports, data, information and supporting records required thereby from time to time. All such reports or other information shall be prepared (i) using any form documents established by Licensor as set forth in the Operations Manual or otherwise, if available, and (ii) in accordance with the generally accepted accounting principles of the United States, to the extent applicable.

5.3 Audit. Licensee shall allow representatives of Licensor to inspect Licensee's books and records at all reasonable times in order to verify Gross Sales that Licensee reports as well as to verify Licensee's advertising expenditures required by Section 10.3 below and any other matters relating to this Agreement or the operation of the Restaurant. Licensor may require Licensee to submit to Licensor, or Licensor's representatives, copies of Licensee's books and records for any offsite inspection that Licensor or Licensor's representatives conduct to audit the Restaurant. If an inspection reveals that Gross Sales of Licensee have been understated, Licensee shall immediately pay to Licensor the amount of Royalty Fees and Advertising Fees overdue, unreported or understated, together with interest as prescribed in Section 5.3 above. All inspections shall be at the expense of Licensor; provided, however, if the inspection results in a discovery of a discrepancy in the Gross Sales reported by Licensee of two percent (2%) or more, then Licensee shall pay or reimburse Licensor for any and all reasonable expenses incurred by Licensor in connection with the inspection, including, but not limited to, attorneys' and accounting fees, travel expenses, room and board and compensation of Licensor's employees.

6. Obligations of Licensee. Licensee recognizes the mutual benefit to Licensee, Licensor and other Bad Daddy's Restaurant Licensees of the uniformity of the appearance, products, services and advertising of the Bad Daddy's System and acknowledges and agrees that such uniformities are necessary for the successful operation of Bad Daddy's Restaurants. Licensee also acknowledges and agrees that products and services sold under the Marks and at Bad Daddy's Restaurants have a reputation for excellence. This reputation has been developed and maintained by Licensor and its Affiliates, and Licensee acknowledges and agrees that it is of the utmost importance to Licensor, Licensee and all other Bad Daddy's Restaurant Licensees that such reputation be maintained. As such, Licensee covenants and agrees with respect to the operation of the Restaurant that Licensee and its employees and agents will comply with all of the

requirements of the Bad Daddy's System and the Operations Manual and will throughout the term of this Agreement:

(a) Operate the Restaurant and prepare and sell all products and services sold therein in accordance with, and comply with all requirements of, this Agreement, Licensor, the Bad Daddy's System and the Operations Manual as they are now or hereafter established, including, without limitation, any specifications, standards, business practices and policies. Licensor and its duly authorized representatives shall have the right, if they so elect, at all reasonable times, to enter and inspect the Restaurant to ensure that Licensee is in compliance therewith and to test any and all equipment, systems, products and ingredients used in connection with the operation of the Restaurant.

(b) Maintain at all times, at its expense, the Restaurant and its equipment, fixtures, furnishings, furniture, décor, premises, parking areas, landscape areas, if any, and interior and exterior signs in a clean, attractive and safe condition in conformity with the Operations Manual and Licensor's high standards and public image. Licensee shall promptly make all repairs and replacements thereto as may be required to keep the Restaurant in the highest degree of sanitation and repair and to maintain maximum efficiency and productivity. However, Licensee shall not undertake any alterations or additions (but may perform maintenance and make repairs) to the buildings, equipment, premises or parking areas associated with the Restaurant without the prior written approval of Licensor. If Licensor changes the Bad Daddy's System or standards of operation with respect to the Restaurant, Licensee expressly agrees to comply with each change within such reasonable time as Licensor may require, or if no time is specified, within thirty (30) days after receiving notification of the change. Licensee shall also maintain maintenance contracts and/or service contracts on all equipment and machinery designated by Licensor and Licensor shall have the right to designate the vendor(s) for such contracts and the requirements for the contracts.

(c) Make no physical changes from blueprint specifications or approved remodeling plans in connection with the premises constituting the Restaurant on the Licensee Site, or the design thereof, or any of the materials used therein, or their colors, without the express written approval of Licensor, except that Licensee will, upon request of Licensor, make such reasonable alterations to the Restaurant or premises as may be necessary to conform to the then-current marketing and operating standards and specifications of the Bad Daddy's System. Licensee will paint the Restaurant (interior or exterior) at such intervals as Licensor may reasonably determine to be advisable, which determination shall in no event be more than once in any calendar year.

(d) Comply with all applicable laws, rules, ordinances and regulations that affect or otherwise concern the Restaurant or the Licensee Site, including, without limitation, zoning, disability access, signage, fire and safety, sales tax registration, and health and sanitation. Licensee will be solely responsible for obtaining any and all licenses and permits required to operate the Restaurant, including, without limitation, liquor licenses. Licensee must keep copies of all health, fire, building occupancy and similar inspection reports on file and available for Licensor to review. Licensee must promptly forward to Licensor any inspection reports or correspondence stating that Licensee is not in compliance with any such laws, rules, ordinances and regulations.

(e) Maintain sufficient inventories and employ sufficient employees to operate the Restaurant at its maximum capacity and efficiency at such hours and days as Licensor shall designate or approve in the Operations Manual or otherwise, and operate the Restaurant for such hours or days so designated or approved by Licensor.

(f) Require all employees of the Restaurant to wear uniforms and abide by the Bad Daddy's System dress code and to conduct themselves at all times in a competent and courteous manner

and use best efforts to ensure that its employees maintain a neat and clean appearance and render competent, sober and courteous service to patrons of the Restaurant. Licensor shall have no control over Licensee's employees, including, without limitation, work hours, wages, hiring or firing.

(g) Pay when due all amounts which it owes to anyone for supplies, equipment and other items used in connection with the Restaurant and all payments owed hereunder or under any other agreement entered into in connection with the operation of the Restaurant. Licensee must notify Licensor immediately when and if Licensee becomes more than ninety (90) days delinquent in the payment of any of the obligations mentioned above.

(h) Use only those ingredients, products, supplies, furnishings and equipment that (i) conform to the standards and specifications designated by Licensor in the Operations Manual or otherwise, and (ii) are purchased from suppliers designated or approved in writing by Licensor. Licensor may designate at any time and for any reason, a single or multiple suppliers for ingredients, products, supplies, furnishings and equipment and require Licensee to purchase exclusively from such designated supplier or suppliers, which exclusive designated supplier(s) may be Licensor or an Affiliate of Licensor. If Licensor designates itself as a supplier, Licensor has the right to earn a profit on any items it supplies. Licensor and its Affiliates may receive payments, discounts or other consideration from suppliers in consideration of such suppliers' dealings with Licensee and/or the system of Bad Daddy's Restaurant franchisees and licensees, and may use all amounts received by it without restriction. Licensor is not required to give Licensee an accounting of supplier payments or to share the benefit of supplier payments with Licensee or other Bad Daddy's Restaurant Licensees. If Licensee desires to purchase any ingredients, products, supplies, furnishings and equipment from suppliers other than those previously approved by Licensor and such items have not been designated by Licensor to be exclusively supplied by a designated supplier(s), Licensee shall first submit to Licensor a written request for authorization to purchase such items, together with such information and samples as Licensor may require. Licensor shall have the right to require periodically that its representatives be permitted to inspect such items and/or suppliers' facilities, and that samples from the proposed suppliers, or of the proposed items, be delivered for evaluation and testing, either to Licensor or to an independent testing facility designated by Licensor. Permission for such inspections shall be a condition of the initial and continuing approval of such supplier, manufacturer or distributor. Licensor shall, within ninety (90) days after its receipt of such request and completion of such evaluation and testing (if required by Licensor), notify Licensee in writing of its approval or disapproval. Licensor may deny such approval for any reason, including its determination to limit the number of approved suppliers. The provisions above shall only apply if Licensor has not designated an exclusive supplier or suppliers.

(i) Prominently display at the Restaurant and the Licensee Site signs using the name "BAD DADDY'S BURGER BAR," and/or other signs, of such nature, form, color, number, location and size, and containing such material as Licensor may from time to time reasonably direct or approve in writing; and not display in the Restaurant or on the Licensee Site or elsewhere any sign or advertising media of any kind to which Licensor reasonably objects.

(j) Refrain from deviating from the formulas, recipes or specifications of materials and ingredients of food as specified by Licensor, without the prior written consent of Licensor, adhere to the menu and all changes, alterations, additions and subtractions thereof, thereto or therefrom as specified by Licensor from time to time, follow all specifications of Licensor as to the uniformity of products and weight, quality and quantity of unit products served and sold, and serve and sell only such menu items as are designated by Licensor.

(k) Ensure that an individual who has completed the initial training program described in Section 12.1 below is at the Restaurant at all times during which the Restaurant is open for business.

(l) Participate in all national, regional or local advertising and promotional activities Licensor or the Advertising Cooperative requires. Licensee understands that Licensor implements promotions such as discount coupons, certificates, frequent customer cards, special menu promotions, gift cards and other activities intended to enhance customer awareness and build traffic at Bad Daddy's Restaurants on a national, regional or local level. Licensor may establish procedures and regulations related to these promotions in the Operations Manual and Licensee agrees to honor and participate in these programs in accordance with such procedures and regulations specified by Licensor in the Operations Manual or otherwise in writing.

(m) Become a member of any purchasing and/or distribution cooperative/association/program designated by Licensor and/or established by Licensor for the Bad Daddy's System, remain a member in good standing thereof throughout the term of this Agreement and pay all membership fees or fees on purchases that are assessed by such purchasing and/or distribution cooperative/association/program. In addition, as required by Licensor, maintain contracts with, or participate in any Licensor contracts, with any third-party(ies) offering customer service, mystery shopper, shopper experience, food safety or other service programs designed to audit, survey, evaluate or inspect business operations. Licensee understands that Licensor has the right to specify the third party (ies) and the required level of participation in such programs and that Licensee will bear the cost thereof.

(n) Operate and maintain the Restaurant in a manner which will ensure that the Restaurant will obtain an acceptable classification for restaurants of like kind from the governmental authorities that inspect restaurants in the Licensed Territory.

(o) Abide by any maximum, minimum or other pricing requirements established by Licensor with respect to products and services provided at the Restaurant.

7. Operations Manual . During the term of this Agreement, Licensor will loan to Licensee one (1) copy of, or provide Licensee with electronic access to, Licensor's confidential operations manual (the "***Operations Manual***"), which may consist of printed manuals, computerized documents or software, information provided on the Internet or an extranet, DVDs or any other medium Licensor adopts periodically for use with the Bad Daddy's System and designates as part of the Operations Manual. The Operations Manual is confidential, copyrighted and Licensor's exclusive property. The Operations Manual will contain information and specifications concerning the standards and specifications of the Bad Daddy's System, the development and operation of the Restaurant and any other information and advice Licensor may periodically provide to its Licensees. Licensor may update and change the Operations Manual periodically to reflect changes in the Bad Daddy's System and the operating requirements applicable to Bad Daddy's Restaurants, and Licensee expressly agrees to comply with each requirement within such reasonable time as Licensor may require, or if no time is specified, within thirty (30) days after receiving notification of the requirement. Licensee shall at all times ensure that its copy of the Operations Manual and any other confidential materials supplied by Licensor to Licensee are kept current and up to date. Licensee must keep any printed Operations Manual in a secure location at the Restaurant and must restrict employee access to the Operations Manual on a need to know basis, and take reasonable steps to prevent unauthorized disclosure or copying of any information in any printed or computerized Operations Manual. If Licensor and Licensee have any disagreement about the most current contents of the Operations Manual, Licensor's master copy of the Operations Manual will control. Upon the expiration or termination of this Agreement for any reason, Licensee must return all copies of the

Operations Manual to Licensor, and upon Licensor's request, certify to Licensor that Licensee has not kept any copies in any medium.

8. Modifications and Improvements to the Bad Daddy's System .

8.1 Modification by Licensor . Licensee recognizes and agrees that from time to time hereafter, Licensor may change, modify or improve the Bad Daddy's System, including, without limitation, modifications to the Operations Manual, the processes and systems to support the business, the menu items and other product ingredients, the products offered for sale, the required equipment, the signage, the presentation and usage of the Marks, and the adoption and use of new, modified or substituted Marks or other proprietary materials. Licensee agrees to accept, use and/or display for the purposes of this Agreement any such changes, modifications or improvements to the Bad Daddy's System, including, without limitation the adoption of new, modified or substituted Marks, as if they were part of the Bad Daddy's System as of the Effective Date, and Licensee agrees to make such expenditures as such changes, modifications or improvements to the Bad Daddy's System may require.

8.2 Modification by Licensee . If Licensee develops any new modification, concept, process, improvement or slogan in the operation or promotion of the Restaurant or to the Bad Daddy's System, the same shall be deemed a work made for hire, and Licensee shall promptly notify Licensor of, and provide Licensor with all necessary information regarding, such modification, concept, process, improvement or slogan, without compensation to Licensee. Licensee acknowledges that any such modification, concept, process, improvement or slogan shall become Licensor's sole and exclusive property and that Licensor may use and/or allow other Licensees to use the same in connection with the Bad Daddy's System or the operation of Bad Daddy's Restaurants, without compensation to Licensee.

9 Information Technology; Website.

9.1 Information Technology . Licensee, at its expense, must purchase and use a computerized cash collection and data processing system (the " ***POS System*** ") that meets the standards and specifications provided by Licensor from time to time in the Operations Manual or otherwise. Licensee must enter all sales and other information Licensor requires in the POS System. Licensor may periodically require Licensee, at its expense, to upgrade or update the POS System to remain in compliance with the standards and specifications required by Licensor. Licensee, at its expense, must maintain the POS System in good working order and connected to any telephone or computer network that Licensor requires. Licensor may require Licensee, at its expense, to configure and connect the POS System to Licensor's systems to provide Licensor with continuous real-time access to all information and data stored on the POS System. Licensor may require Licensee to pay Licensor or its designated third party(ies) reasonable fees to support and upgrade the POS System and a reasonable fee to Licensor or its designated third party(ies) for collecting data from the POS System. In addition to the POS System, Licensee, at its expense, must equip the Restaurant with the computer hardware and software that Licensor specifies periodically and maintain access to the Internet or other computer network(s) that Licensor specifies. In addition, Licensee, at its expense, must also apply for and maintain other credit card, debit card or other non-cash payment systems that Licensor periodically requires. Licensor may require Licensee to maintain support service contracts and/or maintenance service contracts and implement and periodically make upgrades and changes to the POS System, computer hardware and software, and credit card, debit card or other non-cash payment systems.

9.2 Website . Licensor currently operates a website related to the Bad Daddy's System at *www.baddaddysburgerbar.com* (the " ***Website*** "). Licensor shall have the right to designate a successor Website. Subject to the terms of this Agreement, during the term hereof, Licensor may make available to Licensee a sub-page on the Website that will be located at a sub-domain of the Website to be specified by

Licensor (the " ***Subpage*** "). Licensee will be permitted to upload content onto the Subpage solely to promote, and provide customers information related to, the Restaurant operated by Licensee. Licensee shall only upload content onto the Subpage in accordance with terms of this Agreement as well as any guidelines, directives or specifications (collectively, " ***Subpage Standards*** ") in the Operations Manual. Licensee understands and agrees that the Subpage may not contain content which references any other Restaurant other than the Restaurant operated by Licensee. Licensee will not upload, publish, display or otherwise include or use any content on the Subpage without receiving the prior written approval of Licensor. Accordingly, once the initial content of the Subpage is approved by Licensor, Licensee must submit any changes to such content to Licensor for its prior written approval.

Licensor's review and approval of the Subpage content shall not be construed as Licensor's approval, recommendation or endorsement of Licensee or a representation or warranty by Licensor that such content is accurate, complete, truthful or correct. Licensee acknowledges and understands that the registration for the Website domain name is and shall be maintained exclusively in the name of Licensor or its designee. Licensee acknowledges Licensor's or its designee's exclusive right, title and interest in and to the domain name for the Website and further acknowledges that nothing herein shall give it any right, title or interest in such domain name. Licensee will assist Licensor in preserving and protecting Licensor's or its designee's rights in and to the Website domain name.

Licensee further acknowledges and agrees that Licensor may, at any time in its sole discretion, cease to make the Subpage available to Licensee or the public. Licensee agrees that Licensor shall have no liability for failing to make the Subpage available to Licensee or the public. ADDITIONALLY, TO THE MAXIMUM EXTENT PERMITTED BY LAW, LICENSOR HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES (WHETHER EXPRESS, IMPLIED OR STATUTORY) RELATED TO THE AVAILABILITY AND PERFORMANCE OF THE WEBSITE AND THE SUBPAGE, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF NONINFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TO THE MAXIMUM EXTENT PERMITTED BY LAW, LICENSOR SHALL NOT BE LIABLE FOR ANY DIRECT OR INDIRECT DAMAGES (INCLUDING, WITHOUT LIMITATION, ANY CONSEQUENTIAL, PUNITIVE OR INCIDENTAL DAMAGES OR DAMAGES FOR LOST PROFIT OR LOSS OF BUSINESS) RELATED TO THE USE, OPERATION, AVAILABILITY OR FAILURE OF THE WEBSITE OR SUBPAGE. Upon the termination or expiration of this Agreement for any reason or Licensee's default under this Agreement for any reason, all right of Licensee to upload content onto, or otherwise use, the Subpage shall immediately cease, and Licensor may cease to make the Subpage available to Licensee.

Licensee shall be strictly prohibited from using the Marks in any fashion on any social and/or networking websites, including, but not limited to, Facebook, LinkedIn, MySpace and Twitter, without Licensor's prior written consent. Any such use must be in compliance with any policies issued by Licensor relating to advertising, promotion, marketing and social media, as such may be amended, modified and/or expanded by Licensor at any time in its sole discretion. Licensor's current social media policy, attached hereto as Exhibit D , is hereby incorporated by reference for all purposes whatsoever.

10. Advertising .

10.1 Grand Opening . Licensee, at its sole expense, must develop and implement a grand opening promotion approved by Licensor to introduce the Restaurant to the public during the period that is thirty (30) days after the opening of the Restaurant. To the extent Licensor has developed or approved marketing or advertising programs and materials for the Restaurant's grand opening, Licensee must use such programs and materials, if required by Licensor.

10.2 Advertising Fund . In addition to all other amounts required to be paid hereunder, during the term hereof, in the event that Licensor establishes an Advertising Development and Research Fund (the " ***Advertising Fund*** "), Licensee must pay to Licensor, or such other entity designated by Licensor, an amount based upon Gross Sales to be determined by Licensor on or before November 1 st of each year with respect to the following calendar year, provided such amount shall not exceed two percent (2%) of Gross Sales (the " ***Advertising Fee*** "), which amount shall be used by the Advertising Fund. The Advertising Fee shall be the same for all Bad Daddy's Restaurant franchisees and licensees. Payment of the Advertising Fee shall be made on each Wednesday based upon Gross Sales of the Restaurant for the prior week. The Advertising Fee will be expended for the benefit of Licensor, Licensee and all other licensees, franchisees or users of the Bad Daddy's System for the production or purchase of such radio, television, print and/or other advertising materials or services as Licensor deems necessary or appropriate, in its sole discretion, on a national, regional or local basis. The expenditure of such funds for advertising is to be under the control of, and in the discretion of, Licensor, at all times, or such other entities designated by Licensor. Licensee understands and acknowledges that the Advertising Fund is intended to maximize and support general public recognition, brand identity, sales and patronage of Bad Daddy's Restaurants for the benefit of all Bad Daddy's Restaurants, and Licensor undertakes no obligation to ensure that the Advertising Fund benefits each Bad Daddy's Restaurant in proportion to its respective contributions. Licensor agrees that all funds contributed to the Advertising Fund may be used to meet any and all costs (including, without limitation, reasonable salaries and overhead incurred by Licensor) of maintaining, administering, directing and preparing national, regional or local advertising materials, programs and public relations activities including, without limitation, the costs of preparing and conducting television, radio, magazine, billboard and newspaper advertisements, direct response literature, direct mailings, brochures, collateral advertising material, implementing websites for Licensor and/or its licensees and/or franchisees, surveys of advertising effectiveness and other media programs and activities, employing advertising agencies to assist therewith and providing promotional brochures, decals and other marketing materials.

The Advertising Fund shall be established as a separate banking account and monies received shall be accounted for separately from Licensor's other funds and shall not be used to defray any of Licensor's general operating expenses, except for such reasonable salaries, administrative costs and overhead as Licensor may incur in activities reasonably related to the administration or direction of the Advertising Fund and its advertising programs. The Advertising Fund will not be Licensor's asset. A financial statement of the operations of the Advertising Fund shall be prepared annually and shall be made available to Licensee upon request. Licensor may spend in any fiscal year more or less than the aggregate contribution of all Bad Daddy's Restaurants to the Advertising Fund in that year, and the Advertising Fund may borrow from Licensor or others to cover deficits or invest any surplus for future use. Any lender loaning money to the Advertising Fund shall receive interest at a reasonable rate. All interest earned on monies contributed to the Advertising Fund will be used to pay advertising costs before other assets of the Advertising Fund are expended. Licensor may cause the Advertising Fund to be incorporated or operated through a separate entity at such time as Licensor may deem appropriate, and such successor entity, if established, will have all rights and duties specified in this Section. Licensor will not be liable for any act or omission with respect to the Advertising Fund that is consistent with this Agreement and done in good faith. Except as expressly provided in this Section 10.2 , Licensor assumes no direct or indirect liability or obligation to Licensee with respect to the maintenance, direction or administration of the Advertising Fund. Licensee acknowledges and agrees that Licensor is not operating or acting as a trustee or fiduciary with respect to the Advertising Fees collected. Licensor may reduce contributions of Licenses to the Advertising Fund and upon notice to Licensee, reduce the Advertising Fund's operation or terminate the Advertising Fund and distribute unspent monies to those contributing Licensees in proportion to their contributions in the past.

10.3 Local Advertising . Subject to Section 10.4 below, Licensee agrees that, in addition to the payment of the Advertising Fee, it will spend such amount each calendar quarter for local market advertising (e.g., marketing, promotions, publicity, sports promotion, social network) as determined by Licensee in its reasonable discretion.

10.4 Advertising Cooperatives . In connection with the Restaurant and any and all other Bad Daddy's Restaurants owned or operated by Licensee, Licensee shall participate, if required by Licensor, in any local, regional or national cooperative advertising group, consisting of other licensees and franchisees of Bad Daddy's Restaurants and company-owned Restaurants, when and if any such groups are created (each, an " ***Advertising Cooperative*** "). The particular Advertising Cooperative(s) in which Licensee may be required to participate shall be designated by Licensor in its reasonable discretion. Licensee's payments to any Advertising Cooperative shall be determined by Licensee and those other licensees and franchisees of the Bad Daddy's System and/or Licensor and its Affiliates, as the case may be, who are participants in such Advertising Cooperative, as set forth in the by-laws of that Advertising Cooperative or membership, dues, participation or other payment agreements of such Advertising Cooperative. Licensee, however, may not be required to spend more than two percent (2%) of Gross Sales per annum in connection with any Advertising Cooperative. Amounts paid to an Advertising Cooperative shall be credited against payments Licensee is otherwise required to make for local advertising as required by Section 10.3 above. Any payments to an Advertising Cooperative shall be in addition to the amounts required to be paid or spent under Sections 10.1 and 10.2 hereof. Licensee shall enter into such agreements with such other licensees and franchisees of the Bad Daddy's System and/or Licensor, as the case may be, as shall be necessary or appropriate to accomplish the foregoing and Licensee shall abide by such agreements and decisions that the Advertising Cooperative is authorized by Licensor and such licensees and franchisees to make related to advertising and marketing in the area covered by the Advertising Cooperative. If Licensee becomes delinquent in its dues or other payments to the Advertising Cooperative or fails to abide by any agreements or authorized decisions of the Advertising Cooperative, such delinquency or failure shall be deemed a material breach of this Agreement. Licensor may, upon thirty (30) days' written notice to Licensee, suspend or terminate an Advertising Cooperative's program or operations. As a member of any Advertising Cooperative, at the request of Licensor, Licensee shall provide to Licensor all information requested by Licensor related to such Advertising Cooperative within ten (10) days after Licensor's request therefor.

10.5 Approval of Advertising . Any and all advertising and marketing materials (whether developed in connection with an Advertising Cooperative or otherwise) not prepared or previously approved by Licensor shall be submitted to Licensor at least two (2) weeks before any publication or run date for approval, which approval may be granted or withheld in Licensor's sole discretion. Licensor will provide Licensee with written notification of its approval or disapproval within a reasonable time. In the event Licensor does not notify Licensee of its approval or disapproval within ten (10) days of Licensor's receipt of the materials, the materials shall be deemed approved. Licensee must discontinue the use of any approved advertising within five (5) days of Licensee's receipt of Licensor's request to do so. No advertising or promotion by Licensee shall be conducted on or through the Internet or other electronic transmission without express prior written approval by Licensor. All advertising and promotion by Licensee must be factually accurate and shall not detrimentally affect the Marks or the Bad Daddy's System, as determined in Licensor's sole discretion. From time to time, we may issue policies on advertising, promotion, marketing and social media. Licensee covenants and warrants with respect to such policies that Licensee and its employees and agents will comply with all of the requirements of any such policies throughout the term of this Agreement.

11. Opening Assistance. Before opening the Restaurant, Licensee shall comply with (a) all of Licensor's pre-opening, development, construction and training requirements and checklists, and (b) all other opening requirements set forth in this Agreement, the Operations Manual and/or elsewhere in

writing by Licensor (the "Opening Requirements"). Upon satisfactory completion of the Opening Requirements, Licensor shall provide Licensee with two (2) Bad Daddy's representatives (one (1) representative to assist with culinary and "back of the house" matters, and one (1) representative to assist with "front of the house" matters) to assist in the opening of the Restaurant and the training of Licensee's employees for up to five (5) days prior to and up to five (5) days following the opening. Licensor shall provide such opening person at no charge to Licensee. The opening representatives shall assist in the planning and developing of a pre-opening marketing plan for and the grand opening of the Restaurant. Licensor may, but is not obligated to, assign more of its representatives to the Restaurant opening or increase the number of days of assistance.

12. Training.

12.1 Initial Training . The Restaurant must have four (4) individuals that (a) are designated by Licensee to assume primary responsibility for managing the Restaurant and (b) will devote full time and best efforts to the management and operation of the Restaurant (the " ***Managers*** "). Licensee will inform Licensor in writing as to the identity of the Managers, including all additions to and successors of the Managers. As and when required by Licensor, unless Licensee owns and operates an existing Restaurant (in addition to the Restaurant that is the subject of this Agreement) that is certified by Licensor as a training Restaurant (a " ***Training Restaurant*** "), the Managers must attend and successfully complete to the satisfaction of Licensor an initial management training program specified by Licensor. In the event Licensee owns and operates a Training Restaurant, the Managers must successfully complete to the satisfaction of Licensor the training program provided by Licensor to Licensee for use at the Training Restaurant, or a comparable training program approved in advance by Licensor in its sole discretion. Each Manager required to complete the initial training program must successfully complete it before the Restaurant may open for business. No fee will be charged by Licensor for the participation of the four (4) Managers in the training program, however, Licensee shall be responsible for the costs and expenses (such as transportation, lodging, meals, compensation and incidental expenses) of each individual who attends the training. During operating hours, a Manager who has successfully completed the initial training program must at all times be at the Restaurant. In the event that a Manager ceases active employment at the Restaurant, Licensee must notify Licensor within ten (10) days of cessation of the Manager's employment at the Restaurant and replace such Manager and commence training such Manager on the Bad Daddy's System as soon as reasonably practicable thereafter. Licensee is responsible for all related travel and living expenses and wages incurred in connection with any replacement Manager attending these training sessions, as well as our per diem training fee.

12.2 Training of Employees . Licensee shall implement a training program approved by Licensor for employees of the Restaurant and shall be responsible for the proper training of its employees. Licensee agrees not to employ any person who fails or refuses to complete Licensee's training program or is unqualified to perform his or her duties at the Restaurant in accordance with the requirements established for the operation of a Bad Daddy's Restaurant.

12.3 Additional Training . Licensee and its Managers and employees shall attend and conduct such additional training programs as Licensor may from time to time reasonably require relating to the operation of the Restaurant and the Bad Daddy's System. Licensee also may be required to purchase training or other instructional materials as specified by Licensor from time to time in the Operations Manual or otherwise. Licensee is responsible for all related travel and living expenses and wages incurred in connection with attending these training sessions, as well as our per diem training fee.

13. Marks.

13.1 Ownership of the Marks. Licensee acknowledges and agrees that nothing herein contained shall give Licensee any right, title or interest in and to the Marks, except the non-exclusive right to use the Marks in connection with the operation of the Restaurant under the Bad Daddy's System in accordance with the terms of this Agreement. Licensee also acknowledges and agrees that the Marks and all goodwill now or in the future pertaining to the Marks are the sole and exclusive property of Licensor and its Affiliates and that it shall not raise or cause to be raised any questions concerning, or objections to, the validity or ownership of such Marks on any grounds whatsoever. Licensee will not seek to register, reregister or assert claim to or ownership of, or otherwise appropriate to itself, any of the Marks or any marks or names confusingly similar to the Marks, or the goodwill symbolized by the Marks except insofar as such action inures to the benefit of and has the prior written approval of Licensor. Upon the expiration, termination or cancellation of this Agreement, whether by lapse of time, default or otherwise, Licensee agrees immediately to discontinue all use of the Marks and to remove all copies, replicas, reproductions or simulations thereof from the Restaurant and to take all necessary steps to assign, transfer or surrender to Licensor or otherwise place in Licensor or its Affiliate title to all such names or marks (other than the Marks) which Licensee may have used during the term of this Agreement or any renewal or extension thereof in connection with the operation of the Restaurant. Licensee hereby acknowledges that Licensor and its Affiliates own and control the Bad Daddy's System and all aspects thereof.

13.2 Use of the Marks . In order to protect the Marks, the Bad Daddy's System, and the goodwill associated therewith, Licensee shall, unless Licensor otherwise consents in writing:

(a) Only use the Marks designated by Licensor, and only in the manner authorized and permitted by Licensor. Licensee's right to use the Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of rights of Licensor and its Affiliates.

(b) Only use the Marks for the operation of the Restaurant and only at the Licensee Site, or in advertising for the Restaurant located at the Licensee Site. Licensee may not use any of the Marks in any part of any domain name or electronic address or any similar proprietary or common carrier electronic delivery system. Licensee will not seek to register, or assert any claim of ownership or usage rights to, any domain name or electronic address incorporating any of the Marks or any names confusingly similar to the Marks. Licensee agrees to take all necessary steps to assign to Licensor all rights in or to such domain names and electronic addresses (and any registrations for the foregoing) that Licensee may acquire, including without limitation, the execution of a transfer and assignment agreement in favor of, and in form and substance acceptable to, Licensor.

(c) Operate and advertise the Restaurant only under the name "BAD DADDY'S BURGER BAR" or such other Marks as Licensor may designate from time to time, without prefix or suffix, except to describe the location of the Restaurant.

(d) If Licensee is an Entity, not use any of the Marks, including, without limitation, the name "BAD DADDY'S" or "BAD DADDY'S BURGER BAR," in its corporate or other legal name without the prior written consent of Licensor.

(e) Not permit the use of any trade names, trademarks or service marks to identify the Restaurant or the Licensee Site other than the Marks.

(f) If state or local laws or ordinances require that Licensee file an affidavit of doing business under an assumed name or otherwise file a report or other certificate indicating that "BAD DADDY'S BURGER BAR" or any similar name is being used as a fictitious or assumed name, include in such filing or application therefor an indication that the filing is made as a Licensee of Licensor.

(g) Have the symbol TM, SM or R enclosed in a circle or such other symbols or words as Licensor may designate to protect the Marks on all surfaces where the Marks appear.

13.3 Infringement. Licensee shall promptly inform Licensor in writing of any infringement or imitations of any Marks, the Bad Daddy's System or any act of unfair competition against Licensor or Licensee as to which Licensee has knowledge. Licensee shall not make any demand or serve any notice, orally or in writing, or institute any legal action or negotiate, compromise or settle any controversy with respect to any such infringement or unfair competition without first obtaining Licensor's written consent. Licensor shall have the exclusive right to institute, negotiate, compromise, settle, dismiss, appeal or otherwise handle any such action and take such steps as it may deem advisable to prevent any such action and to join Licensee and any other licensees and franchisees as a party to any such action to which Licensor may be a party and to which Licensee is or would be a necessary or proper party, but nothing herein shall be construed to obligate Licensor to seek recovery of costs or damages of any kind in any such litigation, the assertion or waiver of such claims being within the sole discretion of Licensor. The costs of any such action shall be paid by Licensor and any recovery obtained from such infringers shall be paid to Licensor.

13.4 Substitute Marks. If Licensor decides to change, add or discontinue use of any Mark, or to introduce additional or substitute Marks, Licensee, upon a reasonable period of time after receipt of written notice, shall take such action, at its sole expense, as is necessary to comply with such change, alteration, discontinuation, addition or substitution. Licensor shall have no liability for any loss of revenue or goodwill due to any new Mark or discontinued Mark.

14. Indemnification; Insurance; Taxes.

14.1 Indemnification. Licensee agrees to indemnify, defend and hold harmless Licensor and its Affiliates, members, directors, officers, employees, agents, successors and assignees (the "***Indemnified Parties***") against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Section, any taxes described in Section 14.3 below and any claims and liabilities directly or indirectly arising out of the Restaurant's operation or Licensee's breach of this Agreement, except to the extent they arise as a result of Licensor's own gross negligence or willful misconduct or Licensor's right to use and/or license the Bad Daddy's System. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees. Licensor has the exclusive right to defend any such claim. This indemnity will continue in effect after the expiration or termination of this Agreement. Licensor shall indemnify Licensee against any claims against Licensee arising out of or related to Licensor's right to use and/or license the Bad Daddy's System.

14.2 Insurance. Licensee agrees to secure and maintain during the term of this Agreement, at its own cost, the following insurance policies by carriers approved by Licensor:

(a) Such insurance as may be required by the terms of any lease for the Licensee Site or, if there is no such lease, Licensee agrees to carry fire and extended coverage insurance (including, if applicable, flood and earthquake coverage) covering the building and all equipment, supplies, products,

inventory, furniture, fixtures and other tangible property located in the Restaurant or on the Licensee Site in the amount of the full replacement value of such property.

(b) Commercial General Liability Insurance, including coverages for products/completed operations, contractual liability, explosion, collapse and underground, personal and advertising injury, fire damage/damage to rented premises, medical expenses, and dram shop/liquor liability, having a combined single limit for bodily injury and property damage of $1,000,000 per occurrence and $2,000,000 in the aggregate and, if Licensee owns, rents or identifies any vehicles with any Mark or vehicles are used in connection with the operation of the Restaurant, automobile liability coverage for owned, non-owned, scheduled and hired vehicles having a combined single limit of $1,000,000 per occurrence; plus excess liability umbrella coverage for the general liability and automobile liability coverages in an amount of not less than $5,000,000 per occurrence and in the aggregate. All such coverages shall be on an occurrence basis and shall provide for waivers of subrogation in favor of Licensor.

(c) Workers' compensation insurance, or a similar policy if the Restaurant is located in a non-subscriber state, covering all of its employees as is required by law, provided that such insurance shall have the following minimum coverage limits: general coverage of $500,000 per accident and employee disease coverage of $500,000 per employee and in the aggregate. Such coverages shall provide for waivers of subrogation in favor of Licensor.

(d) Business interruption and extra expense insurance for a minimum of six (6) months to cover net profits and continuing expenses (including Royalty Fees).

Licensee agrees that Licensor shall be named as an additional insured under each of the foregoing insurance policies. Before the opening of the Restaurant and, thereafter, at least thirty (30) days before the expiration of any such policy or policies, Licensee shall deliver to Licensor certificates of insurance evidencing the proper coverage with limits not less than those required hereunder, and all such certificates shall expressly contain endorsements requiring the insurance company to give Licensor at least thirty (30) days written notice in the event of material alteration to, or termination, non-renewal, or cancellation of, the coverages evidenced by such certificates and notice of any claim filed under such policy within thirty (30) days after the filing of such claim. Licensor may, from time to time, during the term of this Agreement, at its sole option, require that the minimum limits and types of insurance coverage, as specified above, be increased or changed as determined solely by Licensor. If Licensee at any time fails or refuses to maintain any insurance coverage required by Licensor or to furnish satisfactory evidence thereof, Licensor, at its option and in addition to its other rights and remedies hereunder, may, but need not, obtain such insurance coverage on behalf of Licensee, and Licensee shall pay to Licensor on demand any premiums incurred by Licensor in connection therewith. Licensee's obligation to obtain and maintain, or cause to be obtained and maintained, the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Licensor, nor shall Licensee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 14.1 hereof. Notwithstanding the existence of such insurance, Licensee, as agreed above, is and shall be responsible for all loss or damage and contractual liability to third persons originating from or in connection with the operation of the Restaurant and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom.

14.3 Taxes. Licensee shall promptly pay when due all taxes levied or assessed by reason of its operation and performance under this Agreement including, but not limited to, if applicable, state employment tax, state sales tax (including any sales or use tax on equipment purchased or leased) and all other taxes and expenses of operating the Restaurant. In no event shall Licensee permit a tax sale or

seizure by levy or execution or similar writ or warrant to occur against the Restaurant, the Licensee Site or any tangible personal property used in connection with the operation of the Restaurant.

15. Transfer.

15.1 Transfer by Licensor . This Agreement may be unilaterally assigned by Licensor and shall inure to the benefit of its successors and assigns. Licensee agrees and affirms that Licensor may sell itself, its assets, the Marks and/or the Bad Daddy's System to a third-party; may go public; may engage in private placement of some or all of its securities; may merge, acquire other Entities, or be acquired by another Entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. Licensee further agrees and affirms that Licensor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or noncompetitive franchisee network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities under the Marks or any other marks following Licensor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which Licensee acknowledges may be proximate to any of its Restaurants, but subject to Section 3.3 hereof; provided , that any use of the Marks in connection with the conversion of a restaurant to a Bad Daddy's Restaurant that is located in the Licensed Territory or in the Area of Responsibility during the period in which Licensee has exclusive rights thereto hereunder shall require the prior written consent of Licensee. With regard to any of the above sales, assignments and dispositions, Licensee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Licensor's name, the Marks (or any variation thereof) and the Bad Daddy's System and/or the loss of association with or identification of Licensor under this Agreement.

15.2 Transfer by Licensee . Licensee shall not subfranchise, sublicense, sell, assign, transfer, merge, convey or encumber (each, a " ***Transfer*** ") the Restaurant, the Licensee Site, this Agreement or any of its rights or obligations hereunder, or suffer or permit any such Transfer of the Restaurant, the Licensee Site, this Agreement or its rights or obligations hereunder to occur by operation of law or otherwise without the prior written consent of Licensor. In addition, if Licensee is an Entity, the shareholders, members, partners, beneficiaries, investors or other equity holders of Licensee (the " ***Equity Holders*** "), as the case may be, may not Transfer their equity interests in such Entity, without the prior written consent of Licensor. Any Transfer in violation of this Section shall be void and of no force and effect. In the event Licensee is an Entity with certificated equity interests, all stock or equity certificates of Licensee or such Equity Holder, as the case may be, shall have conspicuously endorsed upon them a legend in substantially the following form:

> "A transfer of this equity interest is subject to the terms and conditions of the LICENSE AGREEMENT entered into with Bad Daddy's Franchise Development, LLC dated the____ day of _____, 2013."

15.3 Approval of Transfer . Licensor's approval of any Transfer is, in all cases, subject to the following:

(a) the purchaser and/or the controlling persons of the purchaser having a satisfactory credit rating, being of good moral character, having business qualifications satisfactory to Licensor,

(b) the purchaser entering into Licensor's then current form of franchise agreement, area development agreement and any and all agreements with Licensor that are being required of all new franchisees, including a guaranty agreement, or any other agreement which may require payment of different or increased fees from those paid under this Agreement; provided , however , at Licensee's

option, the Royalty Fee payable under the then-current form of franchise agreement shall remain three percent (3%);

(c) the terms and conditions of the proposed Transfer (including, without limitation, the purchase price) being satisfactory to Licensor in its reasonable discretion;

(d) all monetary obligations (whether hereunder or not) of Licensee to Licensor and its Affiliates being paid in full;

(e) Licensee and its Equity Holders executing a general release of any and all claims against Licensor and its Affiliates, members, managers, officers, directors, employees and agents, in a form satisfactory to Licensor;

(f) Licensee reimbursing Licensor for all legal, training and other expenses incurred by Licensor in connection with the Transfer; and

(g) Licensee or such Equity Holder first offering to sell such interest to Licensor pursuant to Sections 18.2 and/or 19 of this Agreement, as applicable, and the same having been declined by Licensor in the manner therein set forth.

16. Restrictive Covenants.

16.1 Covenants Not to Compete .

(a) Non-Competition during Term . In addition to and not in limitation of any other restrictions on Licensee contained herein, Licensee and those Equity Holders that own at least twenty-five percent (25%) of the voting equity interests of Licensee (each, a " ***Restricted Party*** "), agree that they will not, directly or indirectly, for and on behalf of itself, himself, herself or any other Person, during the term of this Agreement (i) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, regardless of location or (ii) perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for a Competitive Business, regardless of location.

(b) Post-Term Non-Competition . In addition to and not in limitation of any other restrictions on Licensee contained herein, Licensee and the Restricted Parties agree that they will not, for one (1) year following the effective date of termination or expiration of this Agreement for any reason, or following the date of a Transfer by Licensee, or, with respect to a Restricted Party only, by such Restricted Party , directly or indirectly, for and on behalf of itself, himself, herself or any other Person, (i) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business or (ii) perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for a Competitive Business which, in either case, is located or operating within a three (3) mile radius of any Bad Daddy's Restaurant.

(c) General . For purposes of this Agreement, the term " ***Competitive Business*** " means any business operating, or granting Licenses or licenses to others to operate, a restaurant or other food service business engaged in the retail sale of hamburgers in a full-service restaurant with a full-service bar, provided that more than thirty percent (30%) of such business' entree offerings consist of hamburgers (other than another Bad Daddy's Restaurant operated under license from Licensor or its Affiliates); *provided, however,* Good Times Burgers and Frozen Custard restaurants, so long as they are not operated as full-service restaurants, shall not constitute a Competitive Business for purposes of this Agreement. The parties acknowledge that the covenants contained in this Section 16.1 are given in

consideration of the fact that Licensee and the Restricted Parties will possess knowledge of Licensor's business and operating methods and confidential information, disclosure and use of which would prejudice the interest of Licensor and its franchisees and licensees in the Bad Daddy's System. Licensee further understands and acknowledges the difficulty of ascertaining monetary damages and the irreparable harm that would result from breach of these covenants. If any part of this restriction is found to be unreasonable in scope, time or distance, such scope, time or distance may be reduced by appropriate order of the court to that deemed reasonable. Licensor shall, as a matter of course, receive injunctive relief to enforce such covenants in addition to any other relief to which it may be entitled at law or in equity. Licensor shall receive such injunctive relief without the necessity of posting bond or other security, such bond or other security being hereby waived.

16.2 Non-Solicitation of Employees . Licensee and the Restricted Parties each agree that while this Agreement is in effect and for one (1) year after expiration or termination of this Agreement for any reason, or following the date of a Transfer by Licensee or, with respect to a Restricted Party only, by such Restricted Party , they will not, directly or indirectly, solicit or attempt to solicit, or otherwise interfere with or disrupt the employment relationship between Licensor and any of its employees or between any other Bad Daddy's licensee or franchisee and its employees; provided , however , that the foregoing provision will not prevent Licensee from employing any such person who contacts them on his or her own initiative (including responding to general employment solicitations) without any direct or indirect solicitation by or encouragement from Licensee.

16.3 Trade Secrets and Confidential Information .

(a) Licensee acknowledges and agrees that in connection with the ownership, development and/or operation of Bad Daddy's Restaurants by Licensor and its Affiliates , Licensor has developed at great expense proprietary and confidential information that is part of the Bad Daddy's System and that is not commonly known by or available to the public. This proprietary and confidential information does not include any information that (i) is commonly known by or available to the public; (ii) has been voluntarily disclosed to the public by Licensor or its Affiliates; (iii) has been independently developed or lawfully obtained by Licensee (other than by virtue of disclosure by Licensor or its Affiliates); or (iv) has otherwise entered the public domain through lawful means. All information that comprises the Bad Daddy's System including the information and data in the Operations Manual will be presumed to be confidential information of Licensor.

(b) Licensee and each Restricted Party agree that while this Agreement remains in effect such party will not, directly or indirectly, disclose or publish to any Person, or copy or use for such party's own benefit, or for the benefit of any other Person, any of Licensor's proprietary or confidential information, except as required to carry out Licensee's obligations under this Agreement or as Licensor has otherwise expressly approved in writing. As between Licensor, on the one hand, and Licensee and the Restricted Parties, on the other hand, all proprietary and confidential information related to the Bad Daddy's System is the sole and exclusive property of Licensor. Licensee and each Restricted Party agree that the restrictions contained in the preceding sentences in this Section 16.3(b) will remain in effect with respect to Licensor's confidential information for five (5) years following termination or expiration of this Agreement for any reason; provided , however , if the confidential information rises to the level of a trade secret under applicable law, then such restriction shall remain in effect until such time as the information does not constitute a trade secret. Licensee also agrees that it and all of its employees and agents will take appropriate steps to protect Licensor's confidential information from any unauthorized disclosure, copying or use. At any time upon Licensor's request, and in any event upon expiration or termination of this Agreement, Licensee will immediately return any copies of documents where there are materials containing confidential information and will take appropriate steps to permanently delete and render unusable any confidential information stored electronically.

16.4 [Intentionally Omitted]

16.5 Agreements by Other Third Parties . As a condition to Licensor's execution of this Agreement, Licensee, if requested by Licensor, shall cause each of its management and supervisory employees to whom disclosures of confidential information are made to execute a noncompetition, nonsolicitation and/or nondisclosure agreement in the form(s) prescribed by Licensor from time to time.

16.6 Reasonable Restrictive Covenants . Licensee acknowledges and agrees that the covenants and restrictions in this Section 16 (a) are reasonable, appropriate and necessary to protect the Bad Daddy's System, other Bad Daddy's Restaurant licensees and franchisees and the legitimate interest of Licensor and its Affiliates, and (b) do not cause undue hardship on Licensee or any of the other individuals required by this Section 16 to comply with the covenants and restrictions.

17. Termination.

17.1 Termination by Licensor without a Cure Period . Licensor may immediately terminate this Agreement upon written notice to Licensee, without opportunity to cure, if:

(a) Licensee files a petition under any bankruptcy or reorganization law, becomes insolvent, or has a trustee or receiver appointed by a court of competent jurisdiction for all or any part of its property; provided that if Licensee files for Chapter 11 bankruptcy protection, for so long as Licensee remains in possession and the operator of the Restaurant during such bankruptcy, Licensor shall not terminate this Agreement (absent other independent grounds for such termination);

(b) Licensee seeks to effect a plan of liquidation, reorganization, composition or arrangement of its affairs, whether or not the same shall be subsequently approved by a court of competent jurisdiction; it being understood that in no event shall this Agreement or any right or interest hereunder be deemed an asset in any insolvency, receivership, bankruptcy, composition, liquidation, arrangement or reorganization proceeding;

(c) Licensee has an involuntary proceeding filed against it under any bankruptcy, reorganization, or similar law and such proceeding is not dismissed within sixty (60) days thereafter;

(d) Licensee makes a general assignment for the benefit of its creditors;

(e) Licensee fails to pay when due any amount owed to Licensor or its Affiliates, whether under this Agreement or not, and Licensee does not correct such failure within fifteen (15) days after written notice thereof is delivered to Licensee;

(f) Licensee or any of the Restricted Parties are convicted of or plead no contest to a felony, a crime involving moral turpitude or any other crime or offense that is likely to adversely affect the reputation of the Bad Daddy's System and the goodwill associated with the Marks;

(g) Licensee operates the Restaurant in a manner that presents a health or safety hazard to Licensee's customers, employees or the public;

(h) Licensee or the Restricted Parties makes a material misrepresentation to Licensor before or after being granted the license or knowingly maintains false books and records;

(i) Licensee (i) misuses or makes an unauthorized use of or misappropriates any Mark, (ii) commits any act which can be reasonably expected to materially impair the goodwill associated

with any Mark and that is not cured, if capable of cure, within fifteen (15) days after written notice thereof is delivered to Licensee, (iii) challenges Licensor's ownership of any Mark or (iv) files a lawsuit involving any Mark without Licensor's consent;

(j) Licensee has received at least three (3) default notices from Licensor within a twelve (12) month period, even if such default is subject to a right to cure or is cured after notice is delivered to Licensee; or

(k) Good Times Restaurants, Inc., a Nevada corporation, fails to make the capital contribution to Licensor contemplated by Section 2.2(b) of the Amended and Restated Operating Agreement of Licensor of even date herewith, as and when provided thereunder.

17.2 Termination by Licensor with a Cure Period . In addition to, and without limiting, the termination rights of Licensor pursuant to Section 17.1 above, Licensor shall have the right to terminate this Agreement upon thirty (30) days written notice if Licensee commits any default under this Agreement and fails to remedy such default during such thirty (30) day period; provided , however , that if the default is curable but is of a nature which cannot reasonably be cured within such thirty (30) day period and Licensee has commenced and is continuing to make good faith efforts to cure such default, Licensee shall be given an additional thirty (30) day period to cure the same, and this Agreement shall not terminate.

18. Effect of Termination.

18.1 Obligations upon Termination or Expiration . Upon the expiration or termination of this Agreement, for any reason, Licensee shall:

(a) promptly return to Licensor all material furnished by Licensor containing proprietary or confidential information, operating instructions, business practices, or methods or procedures, including, without limitation, the Operations Manual;

(b) discontinue all use of the Marks, including at the Licensee Site, and the use of any and all signs, products, paper goods and other items bearing the Marks. Any signs containing the Marks that Licensee is unable to remove within one (1) day of the termination or expiration of this Agreement shall be completely covered by Licensee until the time of their removal, which shall be in any event within ten (10) days following the expiration or termination of this Agreement;

(c) if Licensee retains possession of the Licensee Site, at Licensee's expense, make such reasonable modifications to the exterior and interior décor of the Restaurant and the Licensee Site as Licensor reasonably requires to eliminate its identification as a Bad Daddy's Restaurant. If Licensee fails to modify the exterior and interior décor of the Restaurant and the Licensee Site as Licensor reasonably requires to eliminate its identification as a Bad Daddy's Restaurant, Licensor may take such action to modify the exterior and interior décor of the Restaurant and the Licensee Site and charge Licensee for the cost of such action. Licensee shall immediately pay Licensor for the cost of any action taken by Licensor to modify the exterior and interior décor of the Restaurant and the Licensee Site;

(d) refrain from operating or doing business under any name or in any manner that may give the general public the impression that this Agreement is still in force or that Licensee is connected in any way with Licensor or that Licensee has the right to use the Bad Daddy's System or the Marks;

(e) refrain from making use of or availing itself to any of the proprietary or confidential information, Operations Manual or other information received from Licensor or disclosing or revealing any of the same in violation of this Agreement;

(f) take such action as may be required to cancel all assumed names or equivalent registrations relating to the use of any Mark;

(g) assign to Licensor or its designee all of Licensee's rights, title, and interest in and to the telephone numbers, telephone directory listings and advertisements, website URLs (whether acquired by Licensee in accordance with or in violation of Section 14.2 hereof), e-mail addresses, store leases and governmental licenses or permits used for the operation of the Restaurant; and

(h) strictly comply with any other procedures in the Operations Manual that are established by Licensor related to discontinuing operations of the Restaurant.

18.2 Sale upon Expiration or Termination.

(a) Except in the case of a renewal under Section 2 , if this Agreement expires or is terminated or canceled for any reason, Licensor shall have the option to purchase the Restaurant, or substantially all of the assets of the Restaurant (including fixtures, furniture, equipment and leasehold improvements), and Licensee's leasehold interest in and to the real estate at which the Restaurant is located, but not including real property (collectively, the " Assets "). If Licensor desires to purchase the Assets, but the parties are unable to agree as to a purchase price and terms of such sale, the fair market value of the Assets (to be determined without including any goodwill associated with the Marks or the Bad Daddy's System) shall be determined by three (3) appraisers. Licensee and Licensor shall each select one (1) appraiser, and the two (2) appraisers so chosen shall select the third appraiser. The two (2) appraisals that are the closest in terms of the fair market value of the Assets shall be averaged to determine the purchase price. Licensor shall have the right, at any time within thirty (30) days after being advised in writing of the decision of the appraisers as aforesaid, to purchase the Assets at the purchase price as determined above or elect not to purchase such Assets. Each party shall be responsible for the costs and expenses of the appraiser it selected and the cost of the third appraiser shall be shared equally by the parties. Nothing contained in this Section shall be deemed to be a waiver by Licensor of any default by Licensee under this Agreement nor shall the exercise of the option to purchase the Assets contained in this Section affect any other rights or remedies granted to Licensor hereunder or otherwise available to it.

(b) Notwithstanding the provisions set forth in Section 18.2(a) above, if, within forty-five (45) days following the expiration of this Agreement, Licensee shall receive a bona fide offer for the purchase of the Assets, Licensee shall offer the same in writing to Licensor at the same price and on the same terms or the monetary equivalent, which offer Licensor may accept at any time within fifteen (15) days after receipt thereof. If Licensor declines, or does not within such fifteen (15) day period accept, such offer, then Licensee may sell the Assets to such purchaser, but not at a lower price nor on more favorable terms than have been offered to Licensor.

(c) Any sale of the Assets hereunder shall close no later than sixty (60) days after delivery of written notice of Licensor's exercise of its option to Licensee and the purchase price therefor shall be paid in cash or other immediately available funds. Licensor has the right to assign its option hereunder and Licensee must sign all documents of transfer reasonably necessary for the purchase of the Assets. All Assets transferred shall be free and clear of all liens and encumbrances, with all sales and transfer taxes paid by Licensee.

19. Right of First Refusal . If during the term of this Agreement Licensee or any Restricted Party shall receive a bona fide offer from a prospective purchaser for any interest in Licensee or the Restaurant (whether by sale of assets, sale of equity interest, merger, consolidation or otherwise), it shall offer the same to Licensor in writing at the same price and on the same terms or the monetary equivalent, which offer Licensor may accept at any time within thirty (30) days after receipt thereof. If the parties cannot agree on a reasonable monetary equivalent, an independent appraiser designated by Licensor shall determine the monetary equivalent and the appraiser's determination will be final. If Licensor declines, or does not within such thirty (30) day period accept, such offer, then Licensee or such Restricted Party, as applicable, may make such Transfer to such purchaser (provided Licensor approves of such purchaser in accordance with Section 15.2 and subject to compliance with Section 15.3), but not at a lower price nor on more favorable terms than have been offered to Licensor. If Licensee or such Restricted Party, as applicable, fails to complete such Transfer within ninety (90) days following the refusal or failure to act by Licensor, then Licensee or such Restricted Party, as applicable, may not complete such Transfer without first offering the same to Licensor again as provided above. The parties recognize that the terms of this Section 20 do not apply to a sale and subsequent leaseback of the Licensee Site or any furnishings or equipment used thereon, or any other Transfer of the Licensee Site or the furnishings or equipment thereon in connection with any bona fide financing plan. In no event shall Licensee offer any interest in this Agreement, the Licensee Site, the Restaurant or such premises or any interest therein, or any interest in the business conducted thereon, or in the equipment or furnishings located thereon, or in any interest of Licensee for Transfer at public auction, nor at any time shall an offer be made to the public to Transfer the same, through the medium of advertisement, either in the newspapers or otherwise, without having first obtained the written consent of Licensor to such advertisement or publication.

20. Independent Contractors . It is the express intention of the parties hereto that Licensee is and shall be an independent contractor under this Agreement, and no partnership, joint venture, fiduciary relationship or other special relationship shall exist between Licensee and Licensor. This Agreement does not constitute Licensee as the agent, legal representative or employee of Licensor for any purpose whatsoever, and Licensee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, Licensor or in any way to bind Licensor. Licensee agrees not to incur or contract for any debt or obligation on behalf of Licensor, or commit any act, make any representation or advertise in any manner which may adversely affect any right of Licensor, or be detrimental to the good name and reputation of Licensor or any other Licensees of Licensor.

21. Governing Law and Dispute Resolution.

21.1 Governing Law . All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §1 et seq.) except to the extent provided by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 et seq.) or other applicable federal law, the terms of this Agreement shall be interpreted and construed in accordance with the laws of the State of North Carolina without regard to its conflicts of laws provisions. FOR ACTIONS THAT ARE NOT SUBJECT TO MANDATORY ARBITRATION UNDER SECTION 21.2 , LICENSEE HEREBY SUBMITS AND IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION OF THE FEDERAL AND STATE COURTS FOR THE DISTRICT WHERE LICENSOR'S PRINCIPAL EXECUTIVE OFFICE IS LOCATED ON THE DATE OF THE FILING OF THE ACTION, AND AGREES NOT TO RAISE AND HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION BASED UPON *FORUM NON CONVENIENS* OR ANY OTHER OBJECTION IT MAY NOW HAVE OR HEREAFTER HAVE TO SUCH JURISDICTION OR VENUE. Further, nothing herein contained shall bar Licensor's right to obtain injunctive relief against threatened conduct that will cause irreparable harm .

21.2 Arbitration . EXCEPT TO THE EXTENT LICENSOR SEEKS INJUNCTIVE OR OTHER EQUITABLE RELIEF TO ENFORCE PROVISIONS OF THIS AGREEMENT, AND EXCEPT FOR CONTROVERSIES, CLAIMS OR DISPUTES BASED ON LICENSEE'S USE OF THE MARKS, ALL CONTROVERSIES, CLAIMS OR DISPUTES BETWEEN LICENSOR AND LICENSEE ARISING OUT OF OR RELATING TO (A) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN LICENSOR AND LICENSEE, (B) THE RELATIONSHIP BETWEEN LICENSEE AND LICENSOR OR (C) THE SCOPE AND VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN LICENSOR AND LICENSEE (INCLUDING THE SCOPE AND VALIDITY OF THE ARBITRATION OBLIGATIONS UNDER THIS SECTION, WHICH LICENSOR AND LICENSEE ACKNOWLEDGE IS TO BE DETERMINED BY AN ARBITRATOR AND NOT A COURT) SHALL BE DETERMINED BY ARBITRATION WITH THE AMERICAN ARBITRATION ASSOCIATION (" ***AAA*** ") AT THE OFFICE OF THE AAA CLOSEST TO LICENSOR'S PRINCIPAL EXECUTIVE OFFICE ON THE DATE OF SUBMISSION OF THE MATTER TO THE AAA. SUCH ARBITRATION SHALL BE CONDUCTED BEFORE THREE (3) ARBITRATORS (UNLESS THE PARTIES AGREE TO ONE (1) ARBITRATOR) CHOSEN AS FOLLOWS: LICENSOR AND LICENSEE SHALL EACH SELECT ONE (1) ARBITRATOR. THESE TWO (2) ARBITRATORS SHALL MUTUALLY AGREE ON ONE (1) OTHER ARBITRATOR TO ACT AS THE THIRD ARBITRATOR. THE DECISION OF THE ARBITRATORS SHALL BE FINAL AND BINDING UPON ALL PARTIES CONCERNED. SUCH DECISION SHALL BE RENDERED WITHIN THIRTY (30) DAYS OF THE CLOSE OF THE ARBITRATION HEARING RECORD. THE ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THE ARBITRATION PROCEEDING MAY NOT BE CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING BETWEEN LICENSOR AND ANY OTHER PERSON. NOTWITHSTANDING THE FOREGOING OR ANYTHING TO THE CONTRARY IN THIS SECTION OR ELSEWHERE IN THIS AGREEMENT, IF ANY COURT OR ARBITRATOR DETERMINES THAT ALL OR ANY PART OF THE PRECEDING SENTENCE IS UNENFORCEABLE WITH RESPECT TO A DISPUTE THAT OTHERWISE WOULD BE SUBJECT TO ARBITRATION UNDER THIS SECTION 21.2 , THEN ALL PARTIES AGREE THAT THIS ARBITRATION CLAUSE SHALL NOT APPLY TO THAT DISPUTE AND THAT SUCH DISPUTE SHALL BE RESOLVED IN A JUDICIAL PROCEEDING IN ACCORDANCE WITH THIS SECTION 21 (EXCLUDING THIS SECTION 21.2). THE FEDERAL RULES OF CIVIL PROCEDURE, AS THEY RELATE TO PRETRIAL DISCOVERY, AND THE FEDERAL RULES OF EVIDENCE SHALL APPLY TO THE ARBITRATION. IN ALL OTHER RESPECTS, THE RULES OF THE AAA AND THE UNITED STATES ARBITRATION ACT SHALL CONTROL. JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATION MAY BE ENTERED IN ANY COURT HAVING COMPETENT JURISDICTION THEREOF.

21.3 Damages . The parties agree that neither party shall have the right to receive or collect punitive or exemplary damages from the other party.

22. Miscellaneous.

22.1 Successors and Third Party Beneficiaries . This Agreement and the covenants, restrictions and limitations contained herein shall be binding upon and shall inure to the benefit of Licensor and its successors and assigns and shall be binding upon and shall inure to the benefit of Licensee and its permitted heirs, successors and assigns. Except as contemplated by Section 14.1 , nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any Person not a party hereto. This Agreement is, however, intended to bind the Restricted Parties to the extent set forth in this Agreement.

22.2 Construction . All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, and any other gender, as the context or sense of this Agreement or any provision hereof may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Licensee shall be deemed to be joint and several covenants, agreements and obligations of each of the Persons named as Licensee, if more than one Person is so named. Except where this Agreement expressly obligates Licensor not to unreasonably withhold its approval of any of Licensee's actions or requests, Licensor has the absolute right, in its sole and arbitrary discretion, to refuse any request Licensee makes or to withhold its approval of any of Licensee's proposed or effected actions that require Licensor's approval.

22.3 Interpretation and Headings . The parties agree that this Agreement should be interpreted according to its fair meaning. Licensee waives to the fullest extent possible the application of any rule that would construe ambiguous language against Licensor as the drafter of this Agreement. The words "include," "includes" and "including" when used in this Agreement will be interpreted as if they were followed by the words "without limitation". References to section numbers and headings will refer to sections of this Agreement unless the context indicates otherwise. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

22.4 Notices . Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally, by certified, express or registered mail, or by an overnight delivery service, postage prepaid, addressed to the party to be notified at the respective address first above written, or at such other address or addresses as the parties may from time to time designate in writing. Notices shall be deemed delivered on the date shown on the return receipt or in the delivery service's records as the date of delivery or on the date of first attempted delivery, if actual delivery cannot for any reason be made.

22.5 Costs and Attorneys' Fees . If Licensor incurs any expenses in connection with Licensee's failure to pay any amounts it owes when due, submit any required reports when due or otherwise comply with this Agreement, Licensee agrees to reimburse Licensor for any of the costs and expenses that Licensor incurs, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees.

22.6 Waiver . No waiver, delay, omission or forbearance on the part of Licensor to exercise any right, option, duty or power arising from any default or breach by Licensee shall affect or impair the rights of Licensor with respect to any subsequent default of the same or a different kind; nor shall any delay or omission of Licensor to exercise any right arising from any such default affect or impair Licensor's rights as to such default or any future default.

22.7 Severability . If any term, restriction or covenant of this Agreement is deemed invalid or unenforceable, all other terms, restrictions and covenants and the application thereof to all Persons and circumstances subject hereto shall remain unaffected to the extent permitted by law; and if any application of any term, restriction or covenant to any Person or circumstance is deemed invalid or unenforceable, the application of such term, restriction or covenant to other Persons and circumstances shall remain unaffected to the extent permitted by law.

22.8 Force Majeure . Neither Licensor nor Licensee will be liable for loss or damage or deemed to be in breach of this Agreement if Licensor's or Licensee's failure to perform any obligation results from: (a) transportation shortages, inadequate supply of equipment, products, supplies, labor, material or energy or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any

federal, state or municipal government or any department or agency thereof; (b) acts of God; (c) fires, strikes, embargoes, wars or riots; or (d) any other similar event or cause beyond the control of the affected party. Any delay resulting from any of said causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes will not excuse payments of amounts owed by Licensee to Licensor hereunder.

22.9 Delegation by Licensor . Licensor shall have the right to delegate performance of any or all of its obligations and duties hereunder. Licensee hereby agrees to any such delegation.

22.10 No Right of Set Off . Licensee agrees that it will not set off or withhold payment of any amounts it owes Licensor on the grounds of Licensor's alleged nonperformance of any of Licensor's obligations under this Agreement or for any other reason. Licensee agrees that all such claims will, if not otherwise resolved, be submitted to arbitration as provided in Section 21.2 .

22.11 Cumulative Rights . The rights granted hereunder are cumulative, and no exercise or enforcement by either party of any right or remedy hereunder will preclude the exercise or enforcement of any other right or remedy to which either Licensor or Licensee are entitled.

22.12 Entire Agreement . This Agreement and any addendum, schedule or exhibit attached hereto contains the entire agreement between the parties hereto relating to the operation of the Restaurant and the Licensed business and no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, have been made or relied upon by the parties other than those set forth herein. No agreement altering, changing, waiving or modifying any of the terms and conditions of this Agreement shall be binding upon either party unless and until the same is made in writing and executed by all interested parties.

22.13 Counterparts . This Agreement may be signed in multiple counterpart copies, each of which will be deemed an original , and all of which together constitute one and the same document .

22.14 Time is of the Essence . Licensee understands that time is of the essence with respect to its obligations hereunder.

22.15 Timing . Licensee acknowledges that it has had a copy of Licensor's franchise disclosure document for at least fourteen (14) calendar days before signing this Agreement or any franchise, license or related agreement; or at least fourteen (14) calendar days before the payment of any consideration to Licensor. Licensee has had the opportunity to have this Agreement and the business offered hereunder reviewed by professionals of Licensee's choosing before executing this Agreement.

[Signatures on following page]

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

LICENSOR:
BAD DADDY'S FRANCHISE DEVELOPMENT, LLC

By *:/s/ Dennis Thompson*
Dennis L. Thompson, Co-Chairman

By : */s/ Joseph F. Scibelli*
Joseph F. Scibelli, Co-Chairman

LICENSEE:

BD OF COLORADO, LLC
By: */s/ Boyd Hoback*
Name: Boyd Hoback
Title: Manager

Exhibit A

Licensee Site, Licensed Territory and Area of Responsibility

Licensee Site: To be determined and included herein following the Effective Date

Licensed Territory: A three (3) mile radius around the Licensee Site .

Area of Responsibility: *See attached map.*

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Exhibit B

Form of Lease Rider

(See Attached)

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RIDER AND SPECIAL STIPULATIONS

TO LEASE AGREEMENT DATED _____
BY AND BETWEEN

_____, AS "LANDLORD"
AND

_____, AS "TENANT" FOR THE DEMISED PREMISES (" PREMISES ") DESCRIBED THEREIN

This Rider and Special Stipulations (this " Rider ") and the provisions hereof are hereby incorporated into the body of the lease to which this Rider is attached (the " Lease "), and the provisions hereof shall be cumulative of those set forth in the Lease, but to the extent of any conflict between any provisions of this Rider and the provisions of the Lease, this Rider shall govern and control.

1. Consent to Collateral Assignment to Franchisor; Disclaimer . Landlord acknowledges that Tenant intends to operate a Bad Daddy's Burger Bar restaurant in the Premises and that Tenant's rights to operate a Bad Daddy's Burger Bar restaurant and to use the Bad Daddy's Burger Bar name, trademarks and service marks are solely pursuant to a franchise agreement (" Franchise Agreement' ') between Tenant and Bad Daddy's Franchise Development, LLC (" Franchisor "). Tenant's operations at the Premises are independently owned and operated. Landlord acknowledges that Tenant alone is responsible for all obligations under the Lease unless and until Franchisor or another franchisee expressly assumes such obligations and takes actual possession of the Premises. Notwithstanding any provisions of this Lease to the contrary, Landlord hereby consents, without payment of a fee and without the need for further Landlord consent, to (a) the collateral assignment of Tenant's interest in this Lease to Franchisor to secure Tenant's obligations to Franchisor under the Franchise Agreement, and/or (b) Franchisor's succeeding to Tenant's interest in the Lease as a result of Franchisor's exercise of rights or remedies under such collateral assignment or as a result of Franchisor's termination of, or exercise of rights or remedies granted in or under, the Franchise Agreement or any other agreement between Franchisor and Tenant, and/or (c) Tenant's, Franchisor's and/or any other franchisee of Franchisor's assignment of the Lease to another franchisee of Franchisor with whom Franchisor has executed its then-standard franchise agreement. Landlord, Tenant and Franchisor agree and acknowledge that simultaneously with such assignment pursuant to the immediately preceding sentence, Franchisor shall be released from all liability under the Lease or otherwise accruing after the date of such assignment (in the event Franchisor is acting as the assignor under such assignment), but neither Tenant nor any other franchisee shall be afforded such release in the event Tenant/such franchisee is the assignor unless otherwise agreed by Landlord. Landlord further agrees that all unexercised renewal or extension rights shall not be terminated in the event of any assignment referenced herein, but shall inure to the benefit of the applicable assignee.

2. Use of Premises . Without limitation of uses permitted under the Lease, but in expansion thereof, the Premises may be used for the purpose of conducting the business of a restaurant featuring fresh, hand-pattied gourmet burgers, sandwiches, house-made french fries and potato chips, original salads, appetizers, old fashioned milkshakes and "concretes," liquor, beer and wine, and other food products and beverages), T-shirts, hats and other branded accessories and any other items sold in any of Franchisor's or its franchisees' other stores, and any other legal purpose.

3. Compliance of Premises With Applicable Law; Parking . Landlord represents and warrants that as of the date hereof the Premises are in compliance with all applicable law, including without limitation

parking sufficient to comply with the use of the Premises as provided in paragraph 2 above. Tenant shall have the right to use parking spaces for its guests, invitees and employees in an amount at least sufficient to comply with applicable zoning and other laws. The use of the parking spaces is provided by Landlord to Tenant without additional charge.

4. Radius/Relocation . Any radius restrictions or relocation provisions found in the Lease are hereby deleted and of no further force or effect.

5. Tenant's Signage . Notwithstanding anything contained in the Lease to the contrary or in conflict, Landlord hereby grants and approves the following signage rights:

5.1. Landlord agrees to allow Tenant to use Franchisor's standard sign and awning package to the maximum extent permitted by local governmental authorities.

5.2 Tenant shall be provided with a panel on any pylon/monument/directory sign for the development in which the Premises is located, and shall be permitted to install a standard sign thereon as approved by Franchisor, including without limitation Franchisor's logo.

6. Notice and Cure Rights to Franchisor . Prior to exercising any remedies hereunder (except in the event of imminent danger to the Premises), Landlord shall give Franchisor written notice of any default by Tenant, and commencing upon receipt thereof by Franchisor, Franchisor shall have ten (10) additional days to the established cure period as is given to Tenant under the Lease for such default, provided that in no event shall Franchisor have a cure period of less than (i) ten (10) days after Franchisor's receipt of such notice as to monetary defaults or (ii) thirty (30) days after Franchisor's receipt of such notice as to non-monetary defaults. Landlord agrees to accept cure tendered by Franchisor as if the same was tendered by Tenant, but Franchisor has no obligation to cure such default. The initial address for notices to Franchisor is as follows:

Bad Daddy's Franchise Development, LLC
601 South Kings Drive, Suite HH
Charlotte, North Carolina 28204
Attention:_____

7. Non-disturbance from Mortgage Lenders . Notwithstanding anything contained in the Lease to the contrary or in conflict, it shall be a condition of the Lease being subordinated to any mortgage, deed of trust, deed to secure debt or similar encumbrance on the Premises that the holder of such encumbrance agree not to disturb Tenant's rights under this Lease or Tenant's possession of the Premises, so long as Tenant is not in default of its obligations hereunder beyond an applicable grace or cure period provided herein (as may be extended from time to time pursuant to paragraph 6 immediately above).

CHECK THE FOLLOWING PARAGRAPH THAT APPLIES. CHECK ONLY ONE. IF NONE IS CHECKED, THEN CLAUSE A) BELOW WILL BE APPLICABLE, AND CLAUSE B) BELOW WILL BE DEEMED DELETED.

A) ☐ Landlord represents and warrants that on the date hereof no mortgage, deed of trust, deed to secure debt or similar encumbrance encumbers the Premises.

B) ☐ A mortgage, deed of trust or deed to secure debt currently encumbers the Premises. It is a condition precedent to Tenant's obligations under this Lease that the holder of such encumbrance enter into a written subordination and non-disturbance agreement with Tenant, in form acceptable to Franchisor.

8. Financing of Trade Fixtures by Franchisor and Security Interest . Any security interest and/or Landlord's lien in Tenant's trade fixtures, "trade dress", equipment and other personal property in the Premises is hereby subordinated to any security interest and pledge granted to Franchisor in such items. The parties acknowledge that there may be certain personal property in the Premises which are not owned by Tenant, which property shall not be subject to any lien of Landlord. Upon request, Landlord shall grant the party who owns such property reasonable access to the Premises for the sole purpose of removing such property, provided such party repairs any damage caused by such removal and otherwise complies with Landlord's reasonable requirements with respect to such access.

9. Tenant Approvals . Notwithstanding anything in the Lease to the contrary, if Tenant is unable to obtain licenses, building permits, signage permits, variances, subdivision approvals, special use permits and other governmental approvals necessary to construct and operate a Bad Daddy's Burger Bar restaurant within ____ days after Landlord's approval of Tenant's build-out plans, Tenant may terminate this Lease by written notice to Landlord, effective as of the date of delivery of written notice to Landlord thereof and any remaining security deposit shall be returned to Tenant, and any rentals paid in advance shall be prorated accordingly.

10. Beer, Wine and Liquor License . Notwithstanding anything in the Lease to the contrary, unless Franchisor has waived, in writing, Tenant's obligation to serve alcoholic beverages in the restaurant, if a license for beer, wine and liquor sales at the Premises has not been unconditionally issued to Tenant within ____ days after Landlord's approval of Tenant's build-out plans, Tenant may terminate this Lease by written notice to Landlord, effective as of the date of delivery of written notice to Landlord thereof and any remaining security deposit shall be returned to Tenant, and any rentals paid in advance shall be prorated accordingly.

11. Third Party Beneficiary . For so long as Franchisor holds a collateral assignment of the Lease, Franchisor is a third party beneficiary of the Lease, including, without limitation, this Rider, and as a result thereof, shall have all rights (but not the obligation) to enforce the same.

12. Franchisor Right to Enter . Landlord acknowledges that, under the Franchise Agreement, Franchisor or its appointee has the right to assume the management and operation of the Tenant's business, on Tenant's behalf, under certain circumstances (to-wit: Tenant's abandonment, Tenant's failure to timely cure its default of the Franchise Agreement, and while Franchisor evaluates its right to purchase the restaurant). Landlord agrees that Franchisor or its appointee may enter upon the Premises for purposes of assuming the management and operation of Tenant's restaurant as provided in the Franchise Agreement and, if it chooses to do so, it will do so in the name of the Tenant and without assuming any direct liability under the Lease. Further, upon the expiration or earlier termination of this Lease or the Franchise Agreement, Franchisor or its designee may enter upon the Premises for the purpose of removing all signs and other material bearing the Bad Daddy's Burger Bar name or trademarks, service marks, or other commercial symbols of Franchisor.

13. Amendments . Tenant agrees that the Lease may not be terminated, modified or amended without Franchisor's prior written consent, nor shall Landlord accept surrender of the Premises without Franchisor's prior written consent. Tenant agrees to promptly provide Franchisor with copies of all proposed modifications or amendments and true and correct copies of the signed modifications and amendments.

14. Copy of Lease . Landlord agrees to provide Franchisor with a copy of the fully-executed Lease within ten (10) days of its full execution by Landlord and Tenant, at the address set forth in paragraph 6 above.

15. Counterparts . This Rider may be executed in one or more counterparts, each of which shall cumulatively constitute an original. PDF/Faxed signatures of this Rider shall constitute originals of the same.

AGREED and executed and delivered under seal by the parties hereto as of the day and year of the Lease.

LANDLORD : _____

By:
Name:
Title:

[CORPORATE SEAL]

TENANT : _____

By:
Name:
Title:

[CORPORATE SEAL]

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Exhibit C

Development Schedule

Licensee agrees to have open and operating at least the following minimum, cumulative number of Bad Daddy's Restaurants by the date specified:

Cumulative Number of Restaurants to be Developed	Last Date to Establish and Open the Restaurant
2	March 31, 2014
4	March 31, 2015
6	March 31, 2016
8	March 31, 2017
10	March 31, 2018

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Exhibit D

Social Media Policy

Unless such form of blogging or social networking activity is specifically authorized by Licensor in each instance, Licensee is prohibited from conducting blogging or social networking activities regarding the Restaurant. Blogging or other forms of social media or technology include, but are not limited to, video or wiki postings, participation on sites such as Facebook, LinkedIn, MySpace and Twitter, chat rooms, personal or business blogs, or other similar forms of online journals, diaries or personal or business newsletters not controlled by Licensor.

Once authorized to engage in a blogging or social networking activity regarding the Restaurant, in each instance of use, Licensee should make clear that it is a Bad Daddy's Burger Bar Licensee, that the views expressed in its blog or social networking are its own, and that it is not speaking for Licensor or for any person or organization affiliated or doing business with Licensor. Licensee should also be mindful that Licensor's policies regarding confidentiality and trade secrets apply to Licensee's blogging and social networking activities. Licensee is expected to protect the privacy of Licensor, Licensee, other Bad Daddy's Burger Bar Licensees and their respective employees and customers and is prohibited from disclosing proprietary or non-public information to which Licensee has access.

Licensee is expected to double-check all content before sharing it, both for accuracy and to make sure that it fits into Licensor's current image and standards of Bad Daddy's Restaurants and that no restrictions apply to the content based on this Agreement, any other agreement between Licensee and Licensor, applicable law (such as the Federal Trade Commission's Guidelines) and the platform that Licensee is utilizing (such as terms of services for the site upon which Licensee is sharing).

Licensee shall report any violation of this policy to Licensor. Violation of this policy by Licensee may result in termination of this Agreement.

April 9, 2013

Mr. Dennis Thompson
Mr. Frank Scibelli
Bad Daddy's International

By email: DThompson@fbgrill.com; fscibelli@aol.com; Sean.Fogarty@AGG.com

Dear Dennis & Frank;

This letter will set forth the general terms of our joint venture agreement for the first two Bad Daddy's Burger Bar restaurants to be developed by BD of Colorado LLC in Colorado. The terms of this letter will be embodied in a more definitive agreement.

1. Bad Daddy's International ("BDI"), Dennis Thompson and Frank Scibelli, corporately or individually at their discretion shall invest 20% of the total capitalized investment cost and preopening costs of each of the first two Bad Daddy's restaurants developed by BD of Colorado. The funds for each restaurant shall be invested in three payments:
    a. One third upon the signing of a lease by BD of Colorado and within 15 days of the estimated costs submitted to BDI.
    b. One third upon the start of construction and ordering of equipment
    c. One third upon final reconciliation of the final costs of the project

2. BD Colorado will manage the restaurants and charge the joint venture a 4% G&A fee for all "above-store" expenses. The G&A fee will be reduced to the percentage of sales that Good Times total G&A and above-store expenses are in proportion to total sales for all company-operated restaurants if such percentage is less than 4%.

3. BD Colorado will set aside a .5% capex reserve for recurring capex with an annual reconciliation. Additional capital contributions required will be made on a percentage ownership basis. Any member not making their required capital contribution will be diluted if the other members contribute such capital. (Language to be in the JV agreement).

4. Cash flow will be distributed on a quarterly basis, 20% to BDI and 80% to BD Colorado.

5. BD Colorado can pledge the JV assets to a loan that collateralizes other BD Colorado assets.

6. On a sale of a restaurant, proceeds available for distribution (after payment of liabilities) will be distributed first to the respective capital accounts and then in proportion to ownership percentages. BD Colorado will have the right to sell the JV restaurants in connection with the sale of its ownership interest in Bad Daddy's restaurants. The value attributable to the JV restaurants will be proportionate to their cash flow to the total cash flow of all Bad Daddy's restaurants sold by BD Colorado after subtracting the G&A fee and capex reserve and after any other allocations consistently applied to all of the restaurants.

7. Good Times Drive Thru Inc. will guarantee the JV restaurant leases for the first five years of each lease.

8. Good Times and BDI may mutually agree to joint venture additional restaurants developed by BD of Colorado after the first two stores are open, however neither entity will be required to do so.

If this letter correctly sets forth the general terms of the Joint Venture Agreement, please sign where provided.

Good Times Restaurants Inc.

/s/ Boyd E. Hoback
Boyd E. Hoback
President, CEO

Bad Daddy's International LLC

/s/ Dennis Thompson
Dennis Thompson

/s/ Frank Scibelli
Frank Scibelli

FOR IMMEDIATE RELEASE **News**
April 15, 2013 **Nasdaq Capital Market- GTIM**

GOOD TIMES ANNOUNCES ACQUISITION OF NEW GROWTH CONCEPT DEVELOPMENT RIGHTS & FRANCHISOR OWNERSHIP INTEREST

(GOLDEN, CO) Good Times Restaurants Inc. (GTIM) today announced that it has entered into a series of agreements with Bad Daddy's International LLC and Bad Daddy's Franchise Development LLC for the exclusive development rights for Bad Daddy's Burger Bar restaurants in Colorado, additional development rights for Arizona and Kansas, and the ownership of 48% of the franchisor entity, Bad Daddy's Franchise Development LLC.

The Company said that it will develop and operate new Bad Daddy's Burger Bar restaurants through a wholly owned subsidiary under a license agreement with Bad Daddy's Franchise Development LLC with its first restaurants planned in Denver, Colorado in 2013. Good Times will own 48% of the franchisor and will provide the franchisor with management services to it under a separate Management Services Agreement.

Bad Daddy's Burger Bar is a full service, upscale, "small box" restaurant concept operating mostly in inline locations featuring a chef driven menu of gourmet signature burgers, chopped salads, appetizers and sandwiches with a full bar and a focus on a selection of craft microbrew beers in a high energy atmosphere that appeals to a broad consumer base. Bad Daddy's has received both local and national accolades for the quality and originality of its food and was most recently named a top 25 burger in the U.S. by USA Today. There are four restaurants open and a fifth in the Charlotte airport operated by HMS Host with three additional restaurants in development.

Commenting on the significance of the transaction, David Dobbin, Chairman of Good Times said "We have spent the last year looking for the right acquisition and growth opportunity and have reviewed over two dozen concepts that can help transform Good Times into a robust growth company. Our criteria was threefold: 1) A differentiated concept that has wide consumer appeal exhibiting high customer loyalty, 2) Industry leading unit economics and 3) Experienced management that wants to participate in accelerated growth. Bad Daddy's has each of those and more and we couldn't be more excited to partner with them to build restaurants for our own account and to own a significant portion of the franchisor as we ramp up franchised growth and development."

The Company said that the agreements include provisions for the first right of purchase of Bad Daddy's International and its 52% of Bad Daddy's Franchise Development in the event of a proposed transfer by Bad Daddy's entities and other terms that align the interests of Good Times and Bad Daddy's International. Dobbin added, "This gives us the opportunity to deploy Good Times' existing and new capital into a very high return concept while owning a significant portion of the franchisor in what we believe is a concept with national expansion potential. Bad Daddy's is generating extraordinary sales out of a relatively small facility. Both sides were willing to be creative in getting to a structure that can significantly leverage our existing corporate infrastructure, accelerate the proven platform Bad Daddy's has in place and that does not require us to take on the risk of purchasing an early stage growth brand at a very large premium."

Bad Daddy's is owned and operated by Dennis Thompson and Frank Scibelli. Mr. Thompson is the developer of multiple restaurant concepts having developed and taken public or sold Lone Star Steakhouse, Bailey's Sports Grille and Firebird's Wood Fired Grill. The Bad Daddy's Burger Bar

Concept was created by Mr. Scibelli, who has also produced multiple award winning restaurant concepts including Mama Ricotta's, Midwood Smokehouse and Paco's Tacos & Tequila.

Gary Heller of Heathcote Capital LLC provided advisory services to the Company in connection with the Bad Daddy's transaction. Mr. Heller is a member of the Company's board of directors.

Good Times is a regional chain of quick service restaurants located primarily in Colorado providing a menu of high quality all natural hamburgers, 100% all natural tenderloin sandwiches, fresh frozen custard, fresh cut fries, fresh lemonades and other unique offerings. Good Times currently operates and franchises 39 restaurants.

This press release contains forward looking statements within the meaning of federal securities laws. The words "intend," "may," "believe," "will," "should," "anticipate," "expect," "seek" and similar expressions are intended to identify forward looking statements. These statements involve known and unknown risks, which may cause Good Times' actual results to differ materially from results expressed or implied by the forward looking statements. These risks include such factors as the uncertain nature of current restaurant development plans and the ability to implement those plans **,** delays in developing and opening new restaurants because of weather, local permitting or other reasons, increased competition, cost increases or shortages in raw food products, and other matters discussed under the "Risk Factors" section of Good Times' Annual Report on Form 10-K for the fiscal year ended September 30, 2012 filed with the SEC. Although Good Times may from time to time voluntarily update its forward looking statements, it disclaims any commitment to do so except as required by securities laws.

INVESTOR RELATIONS CONTACTS:

Good Times Restaurants Inc.
Boyd E. Hoback, President and CEO, 303/384-1411
Christi Pennington, Executive Assistant, 303/384-1440