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## PART I

## ITEM 1. BUSINESS

## General

References in this document to "Buffalo Wild Wings," "company," "we," "us" and "our" refer to the business of Buffalo Wild Wings, Inc. and our subsidiaries. We maintain an Internet website address at [www.buffalowildwings.com](http://www.buffalowildwings.com). We make available free of charge through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as they are reasonably available after these materials are electronically filed with or furnished to the Securities and Exchange Commission, ("SEC"). These materials are also accessible on the SEC's web site at [www.sec.gov](http://www.sec.gov). The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information for the Public Reference Room by calling the SEC at 1-800-SEC-0330.

We are an established and growing owner, operator and franchisor of restaurants featuring a variety of boldly-flavored, made-to-order menu items including our Buffalo, New York-style chicken wings spun in any of our signature sauces. Our restaurants create an inviting neighborhood atmosphere that includes an extensive multi-media system, a full bar and an open layout, which appeals to sports fans and families alike. Our concept offers elements of the quick casual and casual dining restaurant concepts featuring a flexible service model that allows our guests to choose among convenient dining options such as quick casual counter service, casual dining table service or take-out. Our award-winning food and inviting atmosphere, combined with our guests' ability to customize their dining experience, drives guest visits and loyalty.

The widespread appeal of our concept establishes our restaurants as a neighborhood destination with 429 restaurants in 37 states as of December 31, 2006. Our menu, competitively priced between the quick casual and casual dining segments, features fresh chicken wings and other items including boneless wings, chicken tenders, popcorn shrimp, specialty hamburgers and sandwiches, wraps, Buffalito(R) soft tacos, appetizers and salads. Our made-to-order menu items are enhanced by the bold flavor profile of our signature sauces, ranging from mild Teriyaki(TM) to Blazin'(R). Our restaurants serve approximately 20 domestic and imported beers on tap, including several local or regional micro-brews and a wide selection of bottled beers, wines, and liquor. The inviting and energetic environment of our restaurants is complemented by furnishings that can be easily rearranged to accommodate parties of various sizes. Our guests have the option of watching sporting events or other popular programs on our projection screens and approximately 40 additional televisions, playing Buzztime(R) Trivia or video games. The open layout of our restaurants offers dining and bar areas that provide distinct seating choices for sports fans and families. Our unique service model, which provides the flexibility of ordering at the counter or table, allows our guests to customize their Buffalo Wild Wings(R) experience to meet the different time demands or service preferences of a workday lunch, a dine-in dinner, a take-out meal, an afternoon or evening enjoying a sporting event or a late-night craving.

We have established our brand through coordinated marketing and operational execution that ensures brand recognition and the quality and consistency of our concept. These efforts include marketing programs and irreverent, award-winning advertising to support both our company-owned and franchised restaurants. We also prominently feature our trademark Buffalo insignia and yellow and black colors in our restaurants and brand our company materials. Our concept is further strengthened by our emphasis on operational excellence supported by stringent operating guidelines and comprehensive employee training in both company-owned and franchised restaurants.

Buffalo Wild Wings was founded in 1982 by Jim Disbrow and Scott Lowery at a location near The Ohio State University. Our original name was Buffalo Wild Wings & Weck(R) and we became more popularly known as bw-3(R). In 1991, we began our franchising program. In November 2003, we completed an initial public offering and became a publicly-held company.

## Our Concept and Business Strategy

Our goal is to continue to grow and develop the Buffalo Wild Wings(R) Grill & Bar concept into a leading national restaurant chain. To do so, we plan to execute the following strategies:

- o Open restaurants in new and existing markets;

- o Offer boldly-flavored menu items with broad appeal;
- o Create an inviting, neighborhood atmosphere;
- o Enable our guests to customize their dining experience;
- o Continue to strengthen the Buffalo Wild Wings brand;

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- o Focus on operational excellence; and
- o Increase same-store sales and average unit volumes.

#### Growth Strategy

Our growth strategy involves opening company-owned and franchised restaurants in both new and existing markets. We believe that we have established the necessary infrastructure and control systems to support our disciplined growth strategy and that our concept can support over 1,000 restaurants in the United States. We have developed procedures for identifying new market opportunities, determining our company and franchising strategy in those markets and identifying sites for company-owned and franchised restaurants. Our growth strategy for the near-term projects a mix of approximately one-third company-owned restaurants and approximately two-thirds franchised restaurants.

We intend to build additional company-owned restaurants in both new and existing markets. In most of our existing markets, we plan to continue to develop new company-owned restaurants until a market is penetrated to a point that will enable us to gain marketing and cost efficiencies. We intend to enter new markets by opening several restaurants within a one-year period to quickly build our brand awareness. We intend to grow our franchise system through the development of new restaurants by existing and new franchisees, focusing on multiple-unit area development agreements.

#### The Buffalo Wild Wings Menu

Our restaurants feature a variety of menu items including our Buffalo, New York-style chicken wings spun in one of our signature sauces (from sweet to screamin' hot: Teriyaki(TM), Sweet BBQ(TM), Mild(TM), Medium(TM), Spicy Garlic(TM), Caribbean Jerk(TM), Hot BBQ(TM), Hot(TM), Wild(R) and Blazin'(R) , and our newest sauces: Parmesan Garlic(TM), Honey BBQ(TM), Asian Zing(TM), and Mango Habanero(TM)). Our fresh chicken wings can be ordered in sizes ranging from six to 100 wings, with larger orders available for parties. Our sauces complement and distinguish our chicken wings to create a bold flavor profile for our guests. In addition to chicken wings, our menu features a wide variety of food items including boneless wings, chicken tenders, popcorn shrimp, specialty hamburgers and sandwiches, wraps, Buffalo soft tacos, finger foods and salads. We also provide a 12 & Under Menu for kids.

Our restaurants feature a full bar which offers an extensive selection of approximately 20 domestic and imported beers on tap as well as bottled beers, wine and liquor. Additionally, in order to continually improve our menu, we have a research and development department that tests and implements new menu items. Our goal is to balance the established menu offerings that appeal to our loyal guests with new menu items that increase guest frequency and attract new guests.

#### Restaurant Atmosphere and Layout

Our restaurants are designed to provide an inviting neighborhood atmosphere and allow our guests the flexibility to customize their dining experience. The inviting and energetic environment of our restaurants is created using furnishings that can be easily rearranged to accommodate parties of various sizes. Our restaurants also feature distinct dining and bar areas with select restaurants having patio seating.

We strategically place approximately 40 televisions and up to seven projection screen televisions throughout the restaurant to allow for easy viewing. These televisions, combined with our sound system, Buzztime(R) Trivia and assorted video games, provide a source of entertainment for our guests and reinforce the energetic nature of our concept. We tailor the content and volume of our video and audio programming to reflect our guests' tastes. We believe the design of our restaurants enhances our guests' experiences, drives repeat visits and solidifies the broad appeal of our concept.

All of our menu items are made-to-order and are available for take-out, which approximated 16% of restaurant sales for company-owned restaurants in 2006. Many of our restaurants have separate parking spots for our take-out guests.

#### Current Restaurant Locations

As of December 31, 2006, we owned or franchised 429 Buffalo Wild Wings restaurants in 37 states, of which 139 were company-owned and 290 were

franchised. In 2007, we plan to achieve over 15% unit growth and open over 20 new company-owned restaurants.

Our company-owned restaurants range in size from 4,000 to 7,600 square feet, with an average of approximately 5,600 square feet for restaurants that have opened in the last three years. We anticipate that future restaurants will range in size from 4,500 square feet to 6,400 square feet with an average cash investment per restaurant of approximately \$1.2 million, excluding preopening expenses of approximately \$180,000. From time to time, we expect that our

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restaurants may be smaller or larger or cost more or less than our targeted range, depending on the particular circumstances of the selected site or market. Also, from time to time, we expect to purchase the building or the land and building for certain restaurants, in which case the cash investment would be significantly higher.

Our restaurants are typically open on a daily basis from 11 a.m. to 2 a.m. Closing times vary depending on the day of the week and city and state regulations governing the sale of alcoholic beverages. Our franchise agreements require franchisees to operate their restaurants for a minimum of 12 hours a day.

#### Site Selection and Development

Our site selection process is integral to the successful execution of our growth strategy. We have processes for identifying, analyzing and approving new markets, as defined by the A.C. Nielson designated market areas in the United States. In selecting designated market areas, we collect and review restaurant industry data relating to restaurant sales, spending on food away from home and expected restaurant growth in the market, as well as market demographics, population data and relative media costs for radio and television advertising. Once a market is identified, we use a trade area and site selection evaluation system, which has been customized for the requirements of the Buffalo Wild Wings system, to assist in identifying suitable trade areas within that market and suitable sites within identified trade areas. Criteria examined to determine appropriate trade areas include the presence of a casual dining corridor, projected growth within the trade area, the locations of key big box retailers and multi-screen movie theaters in the neighborhood, key demographics and population density, drive time and trade area analysis and other quantitative and qualitative measures. Once a suitable trade area is identified, we examine site-specific details including visibility, signage, access and parking. Final approval by two or more members of our executive management team is required for each company-owned site. At least one senior franchise executive reviews each franchise site.

#### Marketing and Advertising

We have created a unique marketing program designed to communicate a distinctive and consistent brand that differentiates Buffalo Wild Wings from our competitors and that showcases our food in a fun and energetic atmosphere. These efforts include marketing campaigns and irreverent, award-winning advertising to support both our company-owned and franchised restaurants. The primary goal of these efforts is to build brand awareness throughout the United States. In addition, advertising campaigns are also designed to: i) drive positive same-store sales through additional visits by our existing guests and visits by new guests, ii) increase margins, iii) increase average order size, and iv) support strong restaurant openings.

**Marketing Campaigns.** Our primary marketing campaigns focus on a particular menu item, day or daypart in an attempt to drive traffic and build brand awareness. For example, in 2006 we developed a campaign to promote the rollout of our new "Ribs & Combos" menu items. Our secondary marketing campaigns focus on reaching beyond the core Buffalo Wild Wings guest. Given our strategy to be a neighborhood destination, community marketing is also a key to developing brand awareness in each market. Our restaurants actively sponsor local sporting teams and sporting events to drive guest traffic associated with those activities.

**Advertising.** Our media advertising focuses on positioning the Buffalo Wild Wings brand as an inviting neighborhood dining location. Our commercials, print advertisements and radio spots are irreverent by design and have been recognized in the restaurant and advertising industries for their creativity.

**Franchise Involvement.** System-wide campaigns and promotions are developed and implemented with input from the Buffalo Wild Wings National Advertising Advisory Board. This volunteer franchisee board is elected by franchisees annually and meets regularly to review marketing strategies, provide input on advertising messages and vendor co-op programs, and discuss marketing objectives.

#### Operations

Our management team strives for operational excellence by recruiting, training and supporting the highest quality management teams and employees and through the implementation of operational best practices within our restaurants.

Restaurant Management. Our management structure consists of a general manager, one assistant general manager and up to three other managers depending on sales volume of the restaurant. We utilize regional managers to oversee our general managers, ensuring that they receive the training and support necessary to effectively operate their restaurants. Currently, we have 16 regional managers who oversee four to nine restaurants each. As we expand geographically, we expect to add additional regional managers. We have five Directors of Operations who lead the Regional Managers.

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Kitchen Operations. An important aspect of our concept is the efficient design, layout and execution of our kitchen operations. Due to the relatively simple preparation of our menu items, the kitchen consists of fryers, grill and food prep stations that are arranged assembly-line style for maximum productivity. Given our menu and kitchen design, we are able to staff our kitchen with hourly employees who require only basic training before reaching full productivity. Additionally, we do not require the added expense of an on-site chef. The ease and simplicity of our kitchen operations allows us to achieve our goal of preparing casual dining quality food with minimal wait times. We also believe the ease of our kitchen operations is a significant factor in attracting franchisees.

Training. We provide extensive training for management and hourly employees at company-owned restaurants, with the goal of providing an excellent guest experience based on our service, food preparation and facilities maintenance. Further, we require each franchisee to send their general manager, assistant manager and "control person" to attend our management training program.

Managers of our company-owned restaurants are trained using a two-part process. This includes hands-on education during a five-week training period at one of our certified training restaurants, coupled with an additional one-week management skills class. During this training period, our manager trainees will work in every aspect of the business, including line cook, server and manager.

Our hourly employees in company-owned restaurants complete a comprehensive position certification process. A station certification process requires 16 to 20 hours of hands-on and classroom-style training. In addition, our hourly employees are encouraged to participate in an on-the-job training program called the Wing Certified Trainer, or WCT, program that utilizes both detailed training guides and hands-on instruction by restaurant management. The certification process requires that the employee have a high level of knowledge of all 10 components of restaurant operations. These 10 components represent the six different job positions in our restaurant: cashier and greeter, bartender, server, expedite station, grill and southwest station, and chip and shake station. Monetary incentives and additional benefits are used to encourage employees to participate in this certification process. Our objective is to have at least four WCTs at each company-owned and franchised restaurant.

Career Opportunities. We attempt to motivate and retain our field operations team by providing them with opportunities for increased responsibilities and advancement. In addition, we offer performance-based cash incentives tied to sales, profitability and qualitative measures such as mystery shop scores. It is our preference to promote from within whenever possible.

Recruiting. We actively recruit and select individuals who demonstrate enthusiasm and dedication and who share our passion for high quality guest service delivered through teamwork and commitment. To attract high caliber managers, we have developed a competitive compensation plan that includes a base salary and an attractive benefits package, including participation in a management incentive plan that rewards managers for achieving performance objectives.

#### Food Preparation, Quality Control and Purchasing

We strive to maintain high quality standards. Our systems are designed to protect our food supply throughout the preparation process. We provide detailed specifications to suppliers for our food ingredients, products and supplies. Our restaurant managers are certified in a comprehensive food safety and sanitation course, ServSafe, developed by the National Restaurant Association Educational Foundation.

We negotiate directly with independent suppliers for our supply of food and paper products. We use members of UniPro Food Services, Inc., a national cooperative of independent food distributors, to distribute these products from the suppliers to our restaurants. To maximize our purchasing efficiencies and obtain the lowest possible prices for our ingredients, products and supplies, our purchasing team negotiates prices based on system-wide usage for both company-owned and franchised restaurants. We believe that competitively priced, high quality alternative manufacturers, suppliers, growers and distributors are available should the need arise.

We utilize T. Marzetti company for the production of our signature sauces. They maintain sufficient inventory levels to ensure consistent supply to our

restaurants. We have a confidentiality agreement with Marzetti which prevents our sauces from being supplied to, or manufactured for, anyone else.

Fresh chicken wings are an important component of our cost of sales. Prices are generally based on the underlying commodity price of chicken wings plus additional costs for handling and distribution. Fresh chicken wings accounted for approximately 24%, 27%, and 34% of our cost of sales in 2006, 2005, and 2004, respectively. We ensure consistent supply of high quality chicken wings by utilizing four to six suppliers, with Peco Foods, Inc. currently accounting for approximately 33% of the total system-wide supply. Given our multiple suppliers and the commodity nature of fresh chicken wings, we

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believe we have sufficient supplier flexibility to maintain a consistent chicken wing supply. We regularly review our buying procedures to ensure quality and cost optimization.

#### Restaurant Franchise Operations

Our concept continues to attract a strong group of franchisees, many of whom have substantial prior restaurant operations experience. Our franchisees execute a separate franchise agreement for each restaurant opened, typically providing for a 15 to 20-year initial term, with an opportunity to enter into a renewal franchise agreement subject to certain conditions. Our agreement currently requires franchisees to pay an initial franchise fee of \$42,500 for the first restaurant opened and \$32,500 for each additional restaurant they open. The \$32,500 fee is reduced to \$12,500 if the additional restaurant is in the designated area of the franchisee's existing restaurant. If a franchisee has entered into an area development agreement with us, the initial franchise fee is \$42,500 for the first restaurant, \$32,500 for the second restaurant and \$27,500 for each subsequent restaurant. These amounts are reduced to \$32,500 for the first restaurant and \$12,500 for each subsequent restaurant if the franchisee is an existing area developer signing an additional area development agreement. If the franchisee is an existing franchisee that subsequently signs an area development agreement, the franchise fee is \$32,500 for the first restaurant and \$22,500 for each subsequent restaurant.

Franchisees also pay us a royalty fee of 5.0% of their restaurant sales. Franchise agreements typically allow us to assess franchisees an advertising fee in the amount of 3.5% of their restaurant sales, of which 3.0% was contributed to our Advertising Fund in 2006 and the remaining 0.5% was spent directly by the franchisee in the applicable local market. Our current form of franchise agreement permits us to increase the required contribution to the Advertising Fund by 0.5% once every three years. The amount contributed to the Advertising Fund increased from 2.5% to 3.0% on December 26, 2005.

All of our franchise agreements require that each franchised restaurant be operated in accordance with our defined operating procedures, adhere to the menu established by us, meet applicable quality, service, health and cleanliness standards and comply with all applicable laws. We ensure these high standards are being followed through a variety of means including mystery shoppers and announced and unannounced quality assurance inspections. We also employ franchise consultants to assist our franchisees in developing profitable operations and maintaining our operating standards. We may terminate the franchise rights of any franchisee who does not comply with our standards and requirements. We believe that maintaining superior food quality, an inviting and energetic atmosphere and excellent guest service are critical to the reputation and success of our concept; therefore, we aggressively enforce the contractual requirements of our franchise agreements.

The area development agreement establishes the number of restaurants that must be developed in a defined geographic area and the deadlines by which these restaurants must open. For area development agreements covering three to seven restaurants, restaurants are usually required to open in 12-month intervals. For larger development agreements, the interval is typically shorter. The area development agreement can be terminated by us if, among other reasons, the area developer fails to open restaurants on schedule.

#### Management Information Systems

We have our core management information systems in place and believe they are scalable to support our future growth plans. We utilize a standard point-of-sale system in all of our company-owned restaurants that helps facilitate the operation of the restaurants by recording sales, cost of sales, labor and other operating metrics and allows managers to create various reports. We currently are reviewing the capabilities of our current point-of-sale system to ensure it is sufficient to support our planned expansion. Certain information from the point-of-sale system is transferred to our headquarters on a daily basis and is reported daily to various levels of management through email and our corporate intranet. Franchisees are required to report sales on a daily basis through an on-line reporting network and submit their restaurant-level financial statements on a quarterly or annual basis.

#### Competition

The restaurant industry is intensely competitive. We compete on the basis of the taste, quality and price of food offered, guest service, ambience, location, and overall dining experience. We believe that our attractive price-value relationship, the atmosphere of our restaurant, our flexible service model and the quality and distinctive flavor of our food enable us to differentiate ourselves from our competitors. We believe we compete primarily with local and regional sports bars and casual dining and quick casual establishments, as well as with quick service restaurants such as wing-based take-out concepts. Many of our direct and indirect competitors are well-established national, regional or local chains and some have substantially greater financial and marketing resources than we do. We also compete with many restaurant and retail establishments for site locations and restaurant employees.

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#### Proprietary Rights

We own the rights to the "Buffalo Wild Wings(R)" service mark and to certain other service marks and trademarks used in our system. We attempt to protect our sauce recipes as trade secrets by, among other things, requiring a confidentiality agreement with our sauce supplier and executive officers. It is possible that competitors could develop recipes and procedures that duplicate or closely resemble our recipes and procedures. We believe that our trademarks, service marks and other proprietary rights have significant value and are important to our brand-building efforts and the marketing of our restaurant concept. We vigorously protect our proprietary rights. We cannot predict, however, whether steps taken by us to protect our proprietary rights will be adequate to prevent misappropriation of these rights or the use by others of restaurant features based upon, or otherwise similar to, our concept. It may be difficult for us to prevent others from copying elements of our concept and any litigation to enforce our rights will likely be costly and may not be successful. Although we believe that we have sufficient rights to all of our trademarks and service marks, we may face claims of infringement that could interfere with our ability to market our restaurants and promote our brand. Any such litigation may be costly and divert resources from our business. Moreover, if we are unable to successfully defend against such claims, we may be prevented from using our trademarks or service marks in the future and may be liable for damages.

#### Government Regulation

The restaurant industry is subject to numerous federal, state and local governmental regulations, including those relating to the preparation and sale of food and alcoholic beverages, sanitation, public health, fire codes, zoning and building requirements. Each restaurant requires appropriate licenses from regulatory authorities allowing it to sell liquor, beer and wine, and each restaurant requires food service licenses from local health authorities. Our licenses to sell alcoholic beverages must be renewed annually and may be suspended or revoked at any time for cause, including violation by us or our employees of any law or regulation pertaining to alcoholic beverage control, such as those regulating the minimum age of employees or patrons who may serve or be served alcoholic beverages, the serving of alcoholic beverages to visibly intoxicated patrons, advertising, wholesale purchasing and inventory control. The failure of a restaurant to retain liquor or food service licenses could have a material adverse effect on our operations. In order to reduce this risk, restaurant employees are trained in standardized operating procedures designed to assure compliance with all applicable codes and regulations.

We and our franchisees are also subject to laws governing our relationships with employees, including laws and regulations relating to benefits, wages, hours, workers' compensation insurance rates, unemployment and other taxes, working and safety conditions and citizenship or immigration status. We may also be subject in certain states to "dram-shop" statutes, which generally allow a person injured by an intoxicated person to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated person. In addition, we are subject to various state and federal laws relating to the offer and sale of franchises and the franchisor-franchisee relationship. In general, these laws and regulations impose specific disclosure and registration requirements prior to the sale and marketing of franchises and regulate certain aspects of the relationship between franchisor and franchisee.

#### Employees

As of December 31, 2006, we employed 7,482 employees. We have 1,113 full-time and 6,210 part-time employees working in our company-owned restaurants and 159 employees based out of our home office or in the field. Our employees are not covered by any collective bargaining agreement and we have never experienced an organized work stoppage or strike. We believe that our working conditions and compensation packages are competitive and consider our relations with our employees to be good.

#### Executive Officers

The following sets forth certain information about our executive officers:

Sally J. Smith, 49, has served as our Chief Executive Officer and President since July 1996 and as a director since August 1996. She served as our Chief Financial Officer from 1994 to 1996. Prior to joining Buffalo Wild Wings, she was the Chief Financial Officer of Dahlberg, Inc., the manufacturer and franchisor of Miracle-Ear hearing aids, from 1983 to 1994. Ms. Smith began her career with KPMG LLP, an international accounting and auditing firm. Ms. Smith is a CPA. She serves on the board of the National Restaurant Association and is also a board member of Alerus Financial Corporation.

Mary J. Twinem, 46, has served as our Executive Vice President, Chief Financial Officer and Treasurer since July 1996. She served as our Controller from January 1995 to July 1996. Ms. Twinem also served as a director on our Board from June 2002 to September 2003. Prior to joining Buffalo Wild Wings, she served as the Director of Finance/Controller of Dahlberg, Inc. from 1989 to December 1994. Ms. Twinem began her career in public accounting and is a CPA.

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Kathleen M. Benning, 44, has served as our Senior Vice President, Marketing and Brand Development since January 2002. She joined us in March 1997 as Vice President of Marketing. Prior to joining us, Ms. Benning was employed by Nemer, Fieger & Associates, an advertising agency, from 1992 to 1997, where she was a partner from 1994 to 1997.

Craig W. Donoghue, 45, has served as our Senior Vice President, Information Systems since January 2003, prior to which he served as our Director of Information Systems and later as Vice President of Information Systems from August 1998 to January 2003. From November 1996 until August 1998, Mr. Donoghue was a self-employed computer consultant, using the trade name of Excelsior Information Systems. From January 1996 until November 1996, Mr. Donoghue was Manager of Information Systems for Varitronic Systems, Inc.

Lee Sanders, 54, has served as our Senior Vice President, Development and Franchising since January 2002. He joined us as Vice President of Franchising in August 2001. Prior to joining us, Mr. Sanders was National Director of Franchising of Allied Domecq Quick Service Restaurants, a franchisor of Dunkin' Donuts, Togo's Eateries and Baskin-Robbins, from September 1998 to August 2001. From 1988 to 1998, Mr. Sanders was a Manager of Branded Retail Systems for General Mills.

James M. Schmidt, 47, has served as our Executive Vice President and General Counsel since December 2006, prior to which he served as Senior Vice President and General Counsel joining us April 2002. Mr. Schmidt has also served as our Secretary since September 2002, and he served as a director on our Board from 1994 to September 2003. Mr. Schmidt has been a practicing attorney since 1985, most recently with the law firm of Robbins, Kelly, Patterson & Tucker, which provides legal services to us from time to time.

Judith A. Shoulak, 47, has served as our Senior Vice President, Operations since March 2004. She served as our Senior Vice President, Human Resources from January 2003 to February 2004 and as Vice President of Human Resources from October 2001 to January 2003. From 1993 to 2001, Ms. Shoulak served as Vice President of Field Human Resources of OfficeMax.

Linda G. Traylor, 55, has served as our Senior Vice President, Human Resources since October 2006. Prior to joining us, Ms. Traylor managed her own consulting company, LG Traylor & Associates from 2005 to 2006. From 2001 to 2005, Ms. Traylor served as Senior Vice President, Human Resources of Denny's Corporation and as its Vice President, Human Resources Planning and Development from 1995 to 2001. From 1979 to 1995, Ms. Traylor held various leadership positions with Burger King Corporation.

#### ITEM 1A. RISK FACTORS

The foregoing discussion and the discussion contained in Item 7 of this Form 10-K contain various "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are based on current expectations or beliefs concerning future events. Such statements can be identified by the use of terminology such as "anticipate," "believe," "estimate," "expect," "intend," "may," "could," "possible," "plan," "project," "will," "forecast" and similar words or expressions. Our forward-looking statements generally relate to our growth strategy, financial results, sales efforts, store openings and related expense, and cash requirements. Although it is not possible to foresee all of the factors that may cause actual results to differ from our forward-looking statements, such factors include, among others, the risk factors that follow. Investors are cautioned that all forward-looking statements involve risks and uncertainties.

Fluctuations in chicken wing prices could reduce our operating income.

The primary food product used by our company-owned and franchised restaurants is fresh chicken wings. We purchase fresh chicken wings based on current market prices that are subject to fluctuations. A material increase in fresh chicken wings costs may adversely affect our operating results. Fresh chicken wing prices in 2006 averaged 3% lower than 2005 as the average price per

pound dropped to \$1.17 in 2006 from \$1.20 in 2005. If there is a significant rise in the price of fresh chicken wings, and we are unable to successfully adjust menu prices or menu mix or otherwise make operational adjustments to account for the higher wing prices, our operating results could be adversely affected. For example, fresh chicken wings accounted for approximately 24%, 27%, and 34% of our cost of sales in 2006, 2005, and 2004, respectively, with an annual average price per pound of \$1.17, \$1.20, and \$1.39, respectively. A 10% increase in the fresh chicken wing costs for 2006 would have increased restaurant cost of sales by approximately \$1.8 million. If the avian flu were to affect our supply of chicken wings, our operations may be negatively impacted, as prices may rise due to limited supply. Additional information related to chicken wing prices is included in Item 7 under "Results of Operations."

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If we are unable to successfully open new restaurants, our revenue growth rate and profits may be reduced.

To successfully expand our business, we must open new Buffalo Wild Wings restaurants on schedule and in a profitable manner. In the past, we and our franchisees have experienced delays in restaurant openings and we may experience similar delays in the future. Delays or failures in opening new restaurants could hurt our ability to meet our growth objectives, which may affect our results of operations, the expectations of securities analysts and shareholders and thus our stock price. We cannot guarantee that we or our franchisees will be able to achieve our expansion goals. Further, any restaurants that we, or our franchisees, open may not achieve operating results similar to those of our existing restaurants. If we are unable to generate positive cash flow from a new restaurant, we may be required to recognize an impairment loss with respect to the assets for that restaurant. Our ability to expand successfully will depend on a number of factors, many of which are beyond our control. These factors include:

- o Locating suitable restaurant sites in new and existing markets;
- o Negotiating acceptable lease or purchase terms for new restaurants;
- o Recruiting, training and retaining qualified home office, field and restaurant personnel and management;
- o Attracting and retaining qualified franchisees;
- o Cost effective and timely planning, design and build-out of restaurants;
- o Obtaining building materials and hiring satisfactory construction contractors;
- o Obtaining and maintaining required local, state and federal governmental approvals and permits related to the construction of the sites and the sale of food and alcoholic beverages;
- o Creating guest awareness of our restaurants in new markets;
- o Competition in our markets; and
- o General economic conditions.

We must identify and obtain a sufficient number of suitable new restaurant sites for us to sustain our revenue growth rate.

We require that all proposed restaurant sites, whether for company-owned or franchised restaurants, meet our site-selection criteria. We may make errors in selecting these criteria or applying these criteria to a particular site, or there may be an insignificant number of new restaurant sites meeting these criteria that would enable us to achieve our planned expansion in future periods. We face significant competition from other restaurant companies and retailers for sites that meet our criteria and the supply of sites may be limited in some markets. Further, we may be precluded from acquiring an otherwise suitable site due to an exclusivity restriction held by another tenant. As a result of these factors, our costs to obtain and lease sites may increase, or we may not be able to obtain certain sites due to unacceptable costs. Our inability to obtain suitable restaurant sites at reasonable costs may reduce our growth rate.

Our restaurants may not achieve market acceptance in the new geographic regions we enter.

Our expansion plans depend on opening restaurants in new markets where we or our franchisees have little or no operating experience. We may not be successful in operating our restaurants in new markets on a profitable basis. The success of these new restaurants will be affected by the different competitive conditions, consumer tastes and discretionary spending patterns of the new markets as well as our ability to generate market awareness of the Buffalo Wild Wings brand. Sales at restaurants opening in new markets may take

longer to reach average annual restaurant sales, if at all, thereby affecting their profitability.

New restaurants added to our existing markets may take sales from existing restaurants.

We and our franchisees intend to open new restaurants in our existing markets, which may reduce sales performance and guest visits for existing restaurants in those markets. In addition, new restaurants added in existing markets may not achieve sales and operating performance at the same level as established restaurants in the market.

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Implementing our expansion strategy may strain our resources.

Our expansion strategy may strain our management, financial and other resources. We must attract and retain talented operating personnel to maintain the quality and service levels at our existing and future restaurants. We must also continue to enhance our operational, financial and management systems. We may not be able to effectively manage these or other aspects of our expansion. If we fail to do so, our business, financial condition, operating results and cash flows could suffer.

We are dependent on franchisees and their success.

Currently, approximately 68% of our restaurants are franchised. Franchising royalties and fees represented approximately 11% of our revenues during fiscal 2006, 2005, and 2004. Our performance depends upon i) our ability to attract and retain qualified franchisees, ii) the franchisees' ability to execute our concept and capitalize upon our brand recognition and marketing, and iii) franchisees' ability to timely develop restaurants. We may not be able to recruit franchisees who have the business abilities or financial resources necessary to open restaurants on schedule, or who will conduct operations in a manner consistent with our concept and standards. Also, our franchisees may not be able to operate restaurants in a profitable manner.

Franchisees may take actions that could harm our business.

Franchisees are independent contractors and are not our employees. We provide training and support to franchisees, but the quality of franchised restaurant operations may be diminished if franchisees do not operate restaurants in a manner consistent with our standards and requirements, or if they do not hire and train qualified managers and other restaurant personnel. If franchisees do not adequately manage their restaurants, our image and reputation, and the image and reputation of other franchisees, may suffer materially and system-wide sales could significantly decline. In addition, we may also face potential claims and liabilities due to the acts of our franchisees based on agency or vicarious liability theories.

We could face liability from our franchisees.

A franchisee or government agency may bring legal action against us based on the franchisee/franchisor relationships. Various state and federal laws govern our relationship with our franchisees and our potential sale of a franchise. If we fail to comply with these laws, we could be liable for damages to franchisees and fines or other penalties. Expensive litigation with our franchisees or government agencies may adversely affect both our profits and our important relations with our franchisees.

We may be unable to compete effectively in the restaurant industry.

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

A reduction in vendor allowances currently received could affect our costs of goods sold.

During fiscal 2006, 2005, and 2004, vendor allowances were recorded as a reduction in inventoriable costs and cost of sales was reduced by \$4.2 million, \$4.0 million, and \$3.9 million, respectively. If the amount of vendor rebates is reduced, inventoriable costs may increase, as may the cost of sales.

Our quarterly operating results may fluctuate due to the timing of special

events and other factors, including the recognition of impairment losses.

Our quarterly operating results depend, in part, on special events, such as the Super Bowl(R) and other popular sporting events, and thus are subject to fluctuations based on the dates for such events. Historically, sales in most of our restaurants have been higher during fall and winter months based on the relative popularity of national, regional and local sporting and other events. Further, our quarterly operating results may fluctuate significantly because of other factors, including:

- o Increases or decreases in same-store sales;
- o Fluctuations in food costs, particularly fresh chicken wings;

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- o The timing of new restaurant openings, which may impact margins due to the related preopening costs and initially higher restaurant level operating expense ratios;
- o Labor availability and costs for hourly and management personnel;
- o Changes in competitive factors;
- o Disruption in supplies;
- o General economic conditions and consumer confidence;
- o Claims experience for self-insurance programs;
- o Increases or decreases in labor or other variable expenses;
- o The impact from natural disasters;
- o Fluctuations in interest rates; and
- o The timing and amount of asset impairment loss and restaurant closing charges.

As a result of the factors discussed above, our quarterly and annual operating results may fluctuate significantly. Accordingly, results for any one quarter are not necessarily indicative of results to be expected for any other quarter or for any year. These fluctuations may cause future operating results to fall below the expectations of securities analysts and investors. In that event, the price of our common stock would likely decrease.

We may not be able to attract and retain qualified personnel to operate and manage our restaurants.

Our success and the success of our individual restaurants depends on our ability to attract, motivate and retain a sufficient number of qualified restaurant employees, including restaurant managers, kitchen staff and wait staff. The inability to recruit and retain these individuals may delay the planned openings of new restaurants or result in high employee turnover in existing restaurants. This could inhibit our expansion plans and business performance and, to the extent that a labor shortage may force us to pay higher wages, harm our profitability. Further, the loss of any of our executive officers could adversely impact us.

We may not be able to obtain and maintain licenses and permits necessary to operate our restaurants.

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

Changes in employment laws or regulation could harm our performance.

Various federal and state labor laws govern our relationship with our employees and affect operating costs. These laws include minimum wage requirements, overtime pay, unemployment tax rates, workers' compensation rates, citizenship requirements and sales taxes. A number of factors could adversely affect our operating results, including additional government-imposed increases in minimum wages, overtime pay, paid leaves of absence and mandated health benefits, increased tax reporting and tax payment requirements for employees who receive tips, a reduction in the number of states that allow tips to be credited toward minimum wage requirements, and increased employee litigation including claims relating to the Fair Labor Standards Act.

The Americans with Disabilities Act is a federal law that prohibits discrimination on the basis of disability in public accommodations and employment. Although our restaurants are designed to be accessible to the disabled, we could be required to make modifications to our restaurants to provide service to, or make reasonable accommodations for disabled persons.

We are susceptible to adverse trends and economic conditions in Ohio.

As of December 31, 2006, 81, or approximately 19%, of our company-owned and franchised restaurants were located in Ohio. As a result, we are susceptible to adverse trends and economic conditions in that state. In addition, given our

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geographic concentration in the Midwest, negative publicity regarding any of our restaurants could have a material effect on our business and operations throughout the region, as could other regional occurrences such as local strikes, new or revised laws or regulations, or disruptions in the supply of food products.

Changes in consumer preferences or discretionary consumer spending could harm our performance.

Our success depends, in part, upon the continued popularity of Buffalo, New York-style chicken wings, our other menu items, sports bars and casual dining restaurant styles. We also depend on trends toward consumers eating away from home more often. Shifts in these consumer preferences could negatively affect our future profitability. Such shifts could be based on health concerns related to the cholesterol, carbohydrate or fat content of certain food items, including items featured on our menu. Negative publicity over the health aspects of such food items may adversely affect consumer demand for our menu items and could result in a decrease in guest traffic to our restaurants, which could materially harm our business. Smoking bans imposed by state or local laws could also adversely impact our restaurants' performance. In addition, our success depends to a significant extent on numerous factors affecting discretionary consumer spending, including economic conditions, disposable consumer income and consumer confidence. A decline in consumer spending or in economic conditions could reduce guest traffic or impose practical limits on pricing, either of which could harm our business, financial condition, operating results or cash flow.

Changes in public health concerns may impact our performance.

Changes in public health concerns may affect consumer preferences for our products. For example, if incidents of the avian flu occur in the United States, consumer preferences for poultry products may be negatively impacted, resulting in a decline in demand for our products. Similarly, public health concerns over smoking have seen a rise in smoking bans. Such smoking bans may adversely affect our operations to the extent that such bans are imposed in specific locations, rather than state-wide, or that exceptions to the ban are given to bars or other establishments, giving patrons the ability to choose nearby locations that have no such ban. Further, growing movements to lower blood alcohol levels may result in a decline in alcohol consumption at our stores or increase the number of dram shop claims made against us, either of which may negatively impact operations.

A decline in visitors to any of the business districts near the locations of our restaurants could negatively affect our restaurant sales.

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

The acquisition of existing restaurants from our franchisees may have unanticipated consequences that could harm our business and our financial condition.

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

- o material adverse effects on our operating results, particularly in the fiscal quarters immediately following the acquisition as the acquired restaurants are integrated into our operations;
- o risks associated with entering into markets or conducting operations where we have no or limited prior experience; and
- o the diversion of management's attention from other business concerns.

Future acquisitions of existing restaurants from our franchisees, which

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

Improper food handling may affect our business adversely.

There are health risks associated with eating contaminated or improperly handled or prepared food items. Negative publicity over illness caused by improper handling or preparation of food items could harm our future revenue and

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profitability. While we currently maintain insurance for these types of incidents, we cannot guarantee our insurance is sufficient to cover all adverse outcomes.

Complaints or litigation may hurt us.

Occasionally, our guests file complaints or lawsuits against us alleging that we are responsible for an illness or injury they suffered at or after a visit to our restaurants. We are also subject to a variety of other claims arising in the ordinary course of business, including personal injury claims, contract claims, employment-related claims, claims by franchisees, and claims arising from an incident at a franchised restaurant. The restaurant industry has also been subject to a growing number of claims that the menus and actions of restaurant chains have led to the obesity of certain of their guests. In addition, we are subject to "dram shop" statutes. These statutes generally allow a person injured by an intoxicated person to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated person. Recent litigation against restaurant chains has resulted in significant judgments and settlements under dram shop statutes. Regardless of whether any claims against us are valid or whether we are liable, claims may be expensive to defend and may divert time and money away from our operations and hurt our performance. A judgment significantly in excess of our insurance coverage or for which we do not have insurance coverage could materially affect our financial condition or results of operations. Further, adverse publicity resulting from these allegations may adversely affect us and our restaurants.

Our current insurance may not provide adequate levels of coverage against claims.

We currently maintain insurance customary for businesses of our size and type. However, there are types of losses we may incur that cannot be insured against or that we believe are not economically reasonable to insure, such as losses due to natural disasters. Such damages could have a material adverse effect on our business and results of operations.

Natural disasters and other events could harm our performance.

A natural disaster, such as a hurricane, a serious and widespread disease, such as an avian flu pandemic, or other events, such as a serious terrorist attack, could have a material adverse effect on our business and results of operations.

We may not be able to protect our trademarks, service marks or trade secrets.

We place considerable value on our trademarks, service marks and trade secrets. We intend to actively enforce and defend our marks and if violations are identified, to take appropriate action to preserve and protect our goodwill in our marks. We attempt to protect our sauce recipes as trade secrets by, among other things, requiring confidentiality agreements with our sauce suppliers and executive officers. However, we cannot be sure that we will be able to successfully enforce our rights under our marks or prevent competitors from misappropriating our sauce recipes. We can also not be sure that: i) our marks are valuable, ii) using our marks does not, or will not, violate others' marks, iii) the registrations of our marks would be upheld if challenged, or iv) we would not be prevented from using our marks in areas of the country where others might have already established rights to them. Any of these uncertainties could have an adverse effect on us and our expansion strategy.

#### ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

#### ITEM 2. PROPERTIES

We are headquartered in Minneapolis, Minnesota. Our home office has 17,198 square feet of office space. We occupy this facility under a lease that terminates on October 1, 2007.

On February 2, 2007, we signed a lease agreement for approximately 44,000 square feet of office space at a new location. The new lease terminates on November 30, 2017, with an option to renew for one five-year term. We intend to

move into this new location in September of 2007.

As of December 31, 2006, we owned and operated 139 restaurants. We lease the land and building for nearly all of these sites. The majority of our existing leases are for 10 or 15-year terms, generally including options to extend the terms. We typically lease our restaurant facilities under "triple net" leases that require us to pay minimum rent, real estate taxes, maintenance costs and insurance premiums and, in some instances, percentage rent based on sales in excess of specified amounts. Most of our leases include "exclusive use" provisions prohibiting our landlords from leasing space to other restaurants that fall within certain specified criteria. Under our franchise agreements, we have certain rights to gain control of a restaurant site in the event of default under the lease or franchise agreement.

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The following table sets forth the 37 states in which Buffalo Wild Wings restaurants are located and the number of restaurants in each state as of December 31, 2006:

	Number of Restaurants Open		
	Company-owned	Franchised	Total
Alabama	1	7	8
Arkansas	--	4	4
Arizona	--	10	10
California	--	1	1
Colorado	10	1	11
Connecticut	--	1	1
Delaware	--	3	3
Florida	--	14	14
Georgia	7	--	7
Illinois	2	25	27
Indiana	2	28	30
Iowa	6	--	6
Kansas	7	--	7
Kentucky	9	5	14
Louisiana	--	6	6
Maryland	--	2	2
Michigan	--	26	26
Minnesota	16	3	19
Mississippi	2	3	5
Missouri	3	10	13
Montana	--	1	1
Nebraska	5	2	7
Nevada	--	9	9
New York	4	3	7
North Carolina	8	3	11
North Dakota	--	4	4
Ohio	22	59	81
Oklahoma	--	5	5
Oregon	--	1	1
Pennsylvania	3	1	4
South Carolina	--	2	2
South Dakota	--	1	1

Tennessee	9	--	9
Texas	17	28	45
Virginia	--	14	14
West Virginia	--	3	3
Wisconsin	6	5	11
Total	----- 139	----- 290	----- 429
	=====	=====	=====

### ITEM 3. LEGAL PROCEEDINGS

Occasionally, we are a defendant in litigation arising in the ordinary course of our business, including claims arising from personal injuries, contract claims, franchise-related claims, dram shop claims, employment-related claims and claims from guests or employees alleging injury, illness or other food quality, health or operational concerns. To date, none of these types of litigation, most of which are typically covered by insurance, has had a material effect on us. We have and continue to insure against most of these types of claims. A judgment on any claim not covered by or in excess of our insurance coverage could adversely affect our financial condition or results of operations.

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

Not applicable.

## PART II

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

#### Market Information

Our Common Stock trades on the NASDAQ Global Market under the symbol "BWLD". The following table sets forth, the high and low closing sale prices of our Common Stock.

	2006		2005	
	High	Low	High	Low
First Quarter	\$ 41.46	\$ 29.92	\$ 41.27	\$ 32.01
Second Quarter	43.78	35.54	40.00	27.58
Third Quarter	39.75	31.26	34.75	27.04
Fourth Quarter	58.02	37.23	34.03	25.45

#### Holdings

As of February 1, 2007, there were approximately 186 record holders of our Common Stock, excluding shareholders whose stock is held either in nominee name and/or street name brokerage accounts. Based on information which we have obtained from our transfer agent, there are approximately 17,000 holders of our Common Stock whose stock is held either in nominee name and/or street name brokerage accounts.

#### Dividends

We have never declared or paid cash dividends on our Common Stock. It is our policy to preserve cash for development and other working capital needs and, therefore, do not currently have plans to pay any cash dividends. Our future dividend policy will be determined by our Board of Directors and will depend on various factors, including our results of operations, financial condition, anticipated cash needs and plans for expansion.

#### Securities Authorized for Issuance Under Equity Compensation Plans

For information on our equity compensation plans, refer to Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters."

#### Repurchases

We did not engage in any repurchases of our Common Stock during the fourth quarter of 2006. The following table sets out shares of our Common Stock

repurchased by us in during 2006 that have not been previously disclosed.

Period	(a) Total Number of Shares (or Units) Purchased(1)	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
April 1-April 30	504	\$42.35	N/A	N/A
Total	504			

(1) All of the shares were repurchased by us in connection with payment of the exercise price upon stock-for-stock option exercises by one executive officer.

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#### Stock Performance Chart

The following graph compares the yearly percentage change in the cumulative total shareholder return on our Common Stock during the period ended December 31, 2006 with the cumulative total return on the Nasdaq U.S. Index and the S&P 600 Restaurants Index. The comparison assumes \$100 was invested on November 21, 2003, the date of our initial public offering, in Buffalo Wild Wings Common Stock and in each of the foregoing indices and assumes reinvestment of dividends.

[SEE SUPPLEMENTAL PDF FOR STOCK PERFORMANCE CHART]

	11/21/03	12/28/03	12/26/04	12/25/05	12/31/06
Buffalo Wild Wings, Inc.	\$100.00	\$139.41	\$203.88	\$198.82	\$312.94
Nasdaq U.S. Index	\$100.00	\$104.45	\$114.09	\$117.43	\$133.53
S&P 600 Restaurants Index	\$100.00	\$103.07	\$132.93	\$142.49	\$154.72

The preceding stock performance chart is not deemed filed with the Securities and Exchange Commission. Notwithstanding anything to the contrary set forth in any of our previous filings made under the Securities Act of 1933 or the Securities Exchange Act of 1934 that incorporate future filings made by the Company under those statutes, the above stock performance chart is not to be incorporated by reference in any prior filings, nor shall it be incorporated by reference into any future filings made by the Company under those statutes.

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#### ITEM 6. SELECTED FINANCIAL DATA

The following summary information should be read in conjunction with the Consolidated Financial Statements and related notes thereto set forth in Item 8 of this Form 10-K.

	Fiscal Years Ended (1)				
	Dec. 31, 2006	Dec. 25, 2005	Dec. 26, 2004	Dec. 28, 2003	Dec. 29, 2002
(in thousands, except share and per share data)					
Consolidated Statements of Earnings Data:					
Revenue:					
Restaurant sales	\$ 247,150	\$ 185,823	\$ 152,221	\$ 112,965	\$ 85,493
Franchising royalties and fees	31,033	23,877	18,827	13,532	10,614
Total revenue	278,183	209,700	171,048	126,497	96,107
Costs and expenses:					
Restaurant operating costs:					
Cost of sales	76,087	58,771	51,507	35,423	24,983
Labor	73,030	55,403	43,853	32,684	24,640

Operating	41,087	29,717	23,080	17,559	13,311
Occupancy	17,529	14,172	10,259	7,738	5,734
Depreciation	14,492	11,765	9,717	7,021	5,528
General and administrative	30,374	22,303	19,372	16,926	14,133
Preopening	3,077	2,599	2,042	1,355	1,085
Restaurant impairment and closures	1,008	1,991	573	868	708
Total costs and expenses	256,684	196,721	160,403	119,374	90,122
Income from operations	21,499	12,979	10,645	7,123	5,985
Other income (expense), net	2,339	1,340	671	(1,246)	(878)
Earnings before income taxes	23,838	14,319	11,316	5,877	5,107
Income tax expense	7,565	5,439	4,115	2,294	2,030
Net earnings	16,273	8,880	7,201	3,583	3,077
Accretion resulting from cumulative dividend and mandatory redemption feature of preferred stock	--	--	--	1,452	1,457
Net earnings available to common stockholders	\$ 16,273	\$ 8,880	\$ 7,201	\$ 2,131	\$ 1,620
Earnings per common share - basic	\$ 1.90	\$ 1.05	\$ 0.88	\$ 0.66	\$ 0.64
Weighted average shares outstanding - basic	8,578,000	8,446,000	8,165,000	3,222,000	2,529,000
Earnings per common share - diluted	\$ 1.85	\$ 1.02	\$ 0.84	\$ 0.55	\$ 0.54
Weighted average shares outstanding - diluted	8,814,000	8,708,000	8,603,000	3,842,000	2,976,000
Consolidated Statements of Cash Flow Data:					
Net cash provided by operating activities	\$ 33,031	\$ 24,618	\$ 20,754	\$ 17,753	\$ 10,337
Net cash used in investing activities	(26,829)	(33,919)	(59,307)	(10,739)	(9,592)
Net cash provided by (used in) financing activities	1,568	730	1,572	37,872	(3,481)

As Of (1)

	Dec. 31, 2006	Dec. 25, 2005	Dec. 26, 2004	Dec. 28, 2003	Dec. 29, 2002
(in thousands)					
Consolidated Balance Sheets Data:					
Total current assets	\$ 74,950	\$ 61,079	\$ 57,021	\$ 55,663	\$ 12,656
Total assets	161,183	133,123	118,985	103,999	50,741
Total current liabilities	25,780	20,203	18,327	15,641	14,827
Total liabilities	44,967	36,275	33,278	28,932	30,390
Mandatorily redeemable Series A Preferred Stock	--	--	--	--	11,788
Retained earnings	41,186	24,913	16,033	8,832	6,701
Total common stockholders' equity	116,216	96,848	85,707	75,067	8,563

(1) We utilize a 52- or 53-week accounting period that ends on the last Sunday in December. The fiscal years ended December 25, 2005, December 26, 2004, December 28, 2003, and December 29, 2002 were comprised of 52 weeks. The fiscal year ended December 31, 2006 is a 53-week year.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes. This discussion and analysis contains certain statements that are not historical facts, including, among others, those relating to our anticipated financial performance for fiscal 2007 and our expected store openings. Such statements are forward-looking and involve risks and uncertainties including but not limited to those discussed in Item 1 of this 10-K under "Risk Factors/Forward-Looking Statements." Information included in this discussion and analysis includes commentary on company-owned and franchised restaurant units, restaurant sales, same-store sales, and average weekly sales volumes. Management believes such sales information is an important measure of our performance, and is useful in assessing consumer acceptance of the Buffalo Wild Wings(R) Grill & Bar concept and the overall health of the concept. Franchise information also provides an understanding of our revenues because franchise royalties and fees are based on the opening of franchised units and their sales. However, franchise sales and same-store sales information does not represent sales in accordance with U. S. Generally Accepted Accounting Principles (GAAP), should not be considered in isolation or as a substitute for other measures of performance prepared in accordance with GAAP and may not be comparable to financial information as defined or used by other companies.

### Overview

As of December 31, 2006, we owned and operated 139 and franchised an additional 290 Buffalo Wild Wings Grill & Bar restaurants in 37 states. Of the 429 system-wide restaurants, 81 of those restaurants are located in Ohio. The restaurants have elements of both the quick casual and casual dining styles, both of which are part of a growing industry. Our long-term focus is to grow to a national chain of over 1,000 locations, with 15% annual unit growth over the next three years, continuing the strategy of developing both company-owned and franchised restaurants.

Our growth and success depend on several factors and trends. First, we continue to monitor and react to changes in our cost of goods sold. The costs of goods sold is difficult to predict, as it ranged from 30.3% to 33.8% of restaurant sales per quarter in 2006 and 2005, mostly due to the price fluctuation in chicken wings. We are working to counteract the volatility of

chicken wing prices with the introduction of popular new menu items, effective marketing promotions, focused efforts on food costs and waste, and menu price increases. We will continue to monitor the cost of fresh chicken wings, as it can significantly change our cost of sales and cash flow from company-owned restaurants. We also are exploring purchasing strategies to lessen the severity of cost increases and fluctuations, and are reviewing menu additions and other strategies that may decrease the percentage that fresh chicken wings represent in terms of total restaurant sales. The chart below illustrates the fluctuation in fresh chicken wing prices from quarter to quarter in the last five years.

[SEE SUPPLEMENTAL PDF FOR AVERAGE QUARTERLY WING PRICES CHART]

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A second factor is our success in new markets. There are inherent risks in opening new restaurants, especially in new markets, for various reasons, including the lack of experience, logistical support, and brand awareness in a new market. These factors may result in lower than anticipated sales and cash flow for new restaurants in new markets. In 2007, we plan to develop company-owned restaurants primarily in markets where we currently have either company-owned or franchised restaurants. We believe this development focus, together with our implementation of revised new restaurant opening procedures, will help to mitigate the overall risk associated with opening restaurants in new markets.

Third, we will continue our focus on trends in company-owned and franchised same-store sales as an indicator of the continued acceptance of our concept by consumers. We also review the overall trend in average weekly sales as an indicator of our ability to increase the sales volume, and, therefore, cash flow per location. We remain committed to high quality operations and guest hospitality, as evidenced by the implementation of our new choice service-style in company-owned and franchised restaurants.

Our revenue is generated by:

- o Sales at our company-owned restaurants, which represented 89% of total revenue in 2006. Food and nonalcoholic beverages accounted for 72% of restaurant sales. The remaining 28% of restaurant sales was from alcoholic beverages. The menu item with the highest sales volume is chicken wings at 23% of total restaurant sales.
- o Royalties and franchise fees received from our franchisees.

We generate cash from the operation of our company-owned restaurants and also from franchise royalties and fees. We highlight the specific costs associated with the on-going operation of our company-owned restaurants in the statement of earnings under "Restaurant operating costs." Nearly all of our depreciation expense relates to assets used by our company-owned restaurants. Preopening costs are those costs associated with opening new company-owned restaurants and will vary annually based on the number of new locations opened. Restaurant closures and impairment expense is related to company-owned restaurants, and includes the write-down of underperforming locations, the costs associated with closures of locations and normal asset retirements. Certain other expenses, such as general and administrative, relate to both company-owned restaurant and franchising operations.

As a growing company, we review our trend in general and administrative expenses, and are focused on reducing this expense as a percentage of revenue.

We operate on a 52 or 53-week fiscal year ending on the last Sunday in December. Each of the fiscal years in the four years ended December 25, 2005 were 52-week years. Our fiscal year ended December 31, 2006 was a 53-week year.

#### Critical Accounting Policies and Use of Estimates

Our significant accounting policies are described in Note 1 of the Consolidated Financial Statements, which were prepared in accordance with GAAP. Critical accounting policies are those that we believe are both important to the portrayal of our financial condition and results and require our most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

We believe that the following discussion represents our more critical accounting policies and estimates used in the preparation of our consolidated financial statements, although it is not inclusive.

#### Valuation of Long-Lived Assets and Store Closing Reserves

We review long-lived assets quarterly to determine if the carrying value of these assets may not be recoverable based on estimated future cash flows. Assets are reviewed at the lowest level for which cash flows can be identified, which is at the individual restaurant level. In the absence of extraordinary

circumstances, restaurants are included in the impairment analysis after they have been open for 15 months. We evaluate the recoverability of a restaurant's long-lived assets, including leasehold improvements, equipment and fixtures over its remaining lease term, after considering the potential impact of planned operational improvements, marketing programs, and anticipated changes in the trade area. In determining future cash flows, significant estimates are made by us with respect to future operating results of each restaurant over its remaining lease term. If assets are determined to be impaired, the impairment charge is measured by calculating the amount by which the asset carrying amount exceeds its fair value based on our estimate of discounted future cash flows. The determination of asset fair value is also subject to significant judgment. During fiscal 2006, 2005, and 2004, we recognized \$481,000, \$1.7 million, and \$453,000 million, respectively, of asset impairment charges.

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In addition to the valuation of long-lived assets, we also record a store closing reserve when a restaurant is abandoned. The store closing reserve is subject to significant judgment as accruals are made for lease payments on abandoned leased facilities. Many factors, including the local business environment, other available lease sites, and the willingness of lessors to negotiate lease buyouts are considered in making the accruals. We estimate future lease obligations based on these factors and evaluate quarterly the adequacy of the estimated reserve based on current market conditions. During 2006, we recorded a reserve of \$54,000 for a restaurant that closed in the fourth quarter of 2006.

The reconciliation of the store closing reserve for the years ended December 31, 2006, December 25, 2005, and December 26, 2004 is as follows (in thousands):

	As of Dec. 25, 2005	2006 provision	Costs incurred	As of Dec. 31, 2006
Remaining lease obligation and utilities	\$ --	\$ 54	\$ --	\$ 54
	\$ --	\$ 54	\$ --	\$ 54

	As of Dec. 26, 2004	2005 provision	Costs incurred	As of Dec. 25, 2005
Remaining lease obligation and utilities	\$136	\$ --	\$(136)	\$ --
	\$136	\$ --	\$(136)	\$ --

	As of Dec. 28, 2003	2004 provision	Costs incurred	As of Dec. 26, 2004
Remaining lease obligation and utilities	\$211	\$ 1	\$(76)	\$136
Broker fees	11	(11 )	--	--
	\$222	\$(10 )	\$(76)	\$136

#### Vendor Allowances

Vendor allowances include allowances and other funds received from vendors. Certain of these funds are determined based on various quantitative contract terms. We also receive vendor allowances from certain manufacturers and distributors calculated based upon purchases made by franchisees. Amounts that represent a reimbursement of costs incurred, such as advertising, are recorded as a reduction of the related expense. Amounts that represent a reduction of inventory purchase costs are recorded as a reduction of inventoriable costs. We record an estimate of earned vendor allowances that are calculated based upon monthly purchases. We generally receive payment from vendors approximately 30 days from the end of a month for that month's purchases. During fiscal 2006, 2005, and 2004, vendor allowances were recorded as a reduction in inventoriable costs, and cost of sales was reduced by \$4.2 million, \$4.0 million, and \$3.9 million, respectively.

#### Revenue Recognition -- Franchise Operations

Our franchise agreements have terms ranging from 10 to 20 years. These agreements also convey extension terms of 5 or 10 years depending on contract terms and if certain conditions are met. We provide training, preopening assistance and restaurant operating assistance in exchange for area development fees, franchise fees and royalties of 5% of the franchised restaurant's sales.

Franchise fee revenue from individual franchise sales is recognized upon the opening of the restaurant when we have performed all of our material obligations and initial services. Area development fees are dependent upon the number of restaurants granted in the agreement as are our obligations under the area development agreement. Consequently, as our obligations are met, area development fees are recognized in relation to the expenses incurred with the opening of each new restaurant and any royalty-free periods. Royalties are accrued as earned and are calculated each period based on reported franchisees' sales.

Self-Insurance Liability

We are self-insured for a significant portion of our risks and associated liabilities with respect to workers' compensation, general liability, and employee health benefits. The accrued liabilities associated with these programs are based on our estimate of the ultimate costs to settle known claims as well as claims that may have arisen but have not yet been reported to us as of the balance sheet date. Our estimated liabilities are not discounted and are based on information provided by our insurance brokers and insurers, combined with our judgments regarding a number of assumptions and factors, including the frequency and severity of claims, and claims development history. We maintain stop-loss coverage with third-party insurers to limit our total exposure for each of these programs. Significant judgment is required to estimate claims incurred but not reported as parties have yet to assert such claims. If actual claims trends, including the frequency or severity of claims, differ from our estimates, our financial results could be impacted.

Results of Operations

Our operating results for 2006, 2005, and 2004 are expressed as a percentage of total revenue below, except for the components of restaurant operating costs, which are expressed as a percentage of restaurant sales.

	Fiscal Years Ended		
	Dec. 31, 2006	Dec. 25, 2005	Dec. 26, 2004
Revenue:			
Restaurant sales	88.8%	88.6%	89.0%
Franchising royalties and fees	11.2	11.4	11.0
Total revenue	100.0	100.0	100.0
Costs and expenses:			
Restaurant operating costs:			
Cost of sales	30.8	31.6	33.8
Labor	29.5	29.8	28.8
Operating	16.6	16.0	15.2
Occupancy	7.1	7.6	6.7
Depreciation	5.2	5.6	5.7
General and administrative	10.9	10.6	11.3
Preopening	1.1	1.2	1.2
Restaurant impairment and closures	0.4	0.9	0.3
Total costs and expenses	92.3	93.8	93.8
Income from operations	7.7	6.2	6.2
Interest income	0.8	0.6	0.4
Earnings before income taxes	8.6	6.8	6.6
Income tax expense	2.7	2.6	2.4
Net earnings	5.8%	4.2%	4.2%

The number of company-owned and franchised restaurants open are as follows:

	As of		
	Dec. 31, 2006	Dec. 25, 2005	Dec. 26, 2004
Company-owned restaurants	139	122	103
Franchised restaurants	290	248	203

The restaurant sales for company-owned and franchised restaurants are as follows (in thousands of dollars):

	Fiscal Years Ended		
	Dec. 31, 2006	Dec. 25, 2005	Dec. 26, 2004
Company-owned restaurant sales	\$ 247,150	\$ 185,823	\$ 152,221
Franchised restaurant sales	621,897	470,667	359,175

Increases in comparable same-store sales are as follows (based on restaurants operating at least fifteen months):

	Fiscal Years Ended		
	Dec. 31, 2006	Dec. 25, 2005	Dec. 26, 2004
Company-owned same-store sales	10.4%	3.2%	9.7%
Franchised same-store sales	6.1	2.2	7.6

The annual average prices paid per pound for fresh chicken wings are as follows:

	Fiscal Years Ended		
	Dec. 31, 2006	Dec. 25, 2005	Dec. 26, 2004
Annual average price per pound	\$ 1.17	\$ 1.20	\$ 1.39

#### Fiscal Year 2006 Compared to Fiscal Year 2005

Restaurant sales increased by \$61.3 million, or 33.0%, to \$247.2 million in 2006 from \$185.8 million in 2005. The increase in restaurant sales was due to a \$37.6 million increase associated with the opening of 18 new company-owned restaurants in 2006 and the 29 company-owned restaurants opened before 2006 that did not meet the criteria for same-store sales and \$18.1 million increase caused by a 10.4% increase in same-store sales, and \$5.7 million related to sales in the 53rd week of fiscal 2006.

Franchise royalties and fees increased by \$7.2 million, or 30.0%, to \$31.0 million in 2006 from \$23.9 million in 2005. The increase was due primarily to additional royalties collected from the 45 new franchised restaurants that opened in 2006 and a full year of operations for the 47 franchised restaurants that opened in 2005. Same-store sales for franchised restaurants increased 6.1%. In the 53rd week of fiscal 2006, we recognized \$768,000 of franchise royalties and fees.

Cost of sales increased by \$17.3 million, or 29.5%, to \$76.1 million in 2006 from \$58.8 million in 2005 due primarily to more restaurants being operated in 2006. Cost of sales as a percentage of restaurant sales decreased to 30.8% in 2006 from 31.6% in 2005. The decrease in cost of sales as a percentage of restaurant sales was primarily due to the reduction of chicken wing prices and the leverage of food costs related to menu price increases. Fresh chicken wings were 24% of cost of goods sold in 2006 compared to 27% in 2005. This decrease was primarily due to the decrease in average wing costs to \$1.17 per pound in 2006 from \$1.20 per pound in 2005 and menu price increases taken in the fall of 2006.

Labor expenses increased by \$17.6 million, or 31.8%, to \$73.0 million in 2006 from \$55.4 million in 2005 due primarily to more restaurants being operated in 2006. Labor expenses as a percentage of restaurant sales decreased to 29.5% in 2006 from 29.8% in 2005. Labor costs for our restaurants were lower than the prior year primarily due to lower health insurance costs partially offset by higher incentive compensation costs.

Operating expenses increased by \$11.4 million, or 38.3%, to \$41.1 million in 2006 from \$29.7 million in 2005 due primarily to more restaurants being operated in 2006. Operating expenses as a percentage of restaurant sales increased to 16.6% in 2006 from 16.0% in 2005. The increase in operating expenses as a percentage of restaurant sales was primarily due to the 0.5% increase in contributions to the advertising fund. Increases in other operating costs, such as credit card fees, repair and maintenance costs, and supplies were offset by lower insurance and utility costs.

Occupancy expenses increased by \$3.4 million, or 23.7%, to \$17.5 million in 2006 from \$14.2 million in 2005 due primarily to more restaurants being operated in 2006. Occupancy expenses as a percentage of restaurant sales decreased to 7.1% in 2006 from 7.6% in 2005. The decrease in occupancy expense as a percentage of restaurant sales was primarily due to better leverage of costs

with the higher sales levels.

Depreciation increased by \$2.7 million, or 23.2%, to \$14.5 million in 2006 from \$11.8 million in 2005. The increase was primarily due to the additional depreciation on 18 new restaurants opened in 2006 and 19 restaurants opened in 2005 and operated for a full year in 2006.

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General and administrative expenses increased by \$8.1 million, or 36.2%, to \$30.4 million in 2006 from \$22.3 million in 2005. General and administrative expenses as a percentage of total revenue increased to 10.9% in 2006 from 10.6% in 2005. We adopted the fair value recognition provisions of SFAS 123R, using the modified-prospective transition method. Under this transition method, we recognized \$3.2 million of stock-based compensation in 2006. In 2005, we recognized \$1.7 million of stock-based compensation under APB 25 and other related pronouncements. Exclusive of stock-based compensation, our general and administrative expenses remained flat as a percentage of total revenue at 9.8% in 2006 and 2005.

Preopening costs increased by \$478,000, or 18.4%, to \$3.1 million in 2006 from \$2.6 million in 2005. In 2006, we opened 18 new company-owned restaurants and incurred costs of approximately \$29,000 for restaurants opening in 2007. In 2005, we opened 19 new company-owned restaurants and incurred costs of approximately \$38,000 for restaurants that opened in 2006 and incurred \$44,000 for restaurants that opened in 2004. Average preopening cost per restaurant was \$170,000 and \$132,000 in 2006 and 2005, respectively. The increase in average preopening cost per restaurant is primarily due to the expensing of preopening rent under a new accounting pronouncement for 2006.

Restaurant impairment and closures decreased by \$983,000, or 49.4%, to \$1.0 million in 2006 from \$2.0 million in 2005. The expense in 2006 included the asset impairment of one underperforming restaurant in Atlanta of \$481,000, and the disposal of miscellaneous equipment, and the closure costs for one store. The expense in 2005 included a \$1 million impairment loss with respect to certain assets of three underperforming restaurants in Atlanta and the disposal of miscellaneous equipment. In addition, the assets and goodwill impairment of \$621,000 for one underperforming restaurant in North Carolina occurred in 2005.

Interest income increased by \$1.0 million to \$2.3 million in 2006 from \$1.3 million in 2005. The increase was primarily due to the rise in short-term interest rates during the first half of 2006. Cash and marketable securities balances at the end of the year were \$64.6 million in 2006 compared to \$52.4 million in 2005.

Provision for income taxes increased \$2.1 million to \$7.6 million in 2006 from \$5.4 million in 2005. The effective tax rate as a percentage of income before taxes decreased to 31.7% in 2006 from 38.0% in 2005. The effective tax rate decrease was primarily due to higher federal tax credits, increased tax-exempt income and reduced state income tax due to changes in state apportionment factors. The reduction in state taxes is a result of new restaurants opening in states with favorable income tax rates and the phase-out of the Ohio income tax and phase-in of the Ohio franchise tax (Commercial Activity Tax). For 2007, we believe our effective tax rate will be between 34% and 35%.

We estimate the 53rd week in fiscal 2006 contributed approximately \$0.16 of earnings per diluted share.

#### Fiscal Year 2005 Compared to Fiscal Year 2004

Restaurant sales increased by \$33.6 million, or 22.1%, to \$185.8 million in 2005 from \$152.2 million in 2004. The increase in restaurant sales was due to a \$29.1 million increase associated with the opening of 19 new company-owned restaurants in 2005 and the 27 company-owned restaurants opened before 2005 that did not meet the criteria for same-store sales and \$4.5 million related to a 3.2% increase in same-store sales.

Franchise royalties and fees increased by \$5.1 million, or 26.8%, to \$23.9 million in 2005 from \$18.8 million in 2004. The increase was due primarily to additional royalties collected from the 47 new franchised restaurants that opened in 2005 and a full year of operations for the 42 franchised restaurants that opened in 2004. Same-store sales for franchised restaurants increased 2.2%.

Cost of sales increased by \$7.3 million, or 14.1%, to \$58.8 million in 2005 from \$51.5 million in 2004 due primarily to more restaurants being operated in 2005. Cost of sales as a percentage of restaurant sales decreased to 31.6% in 2005 from 33.8% in 2004. The decrease in cost of sales as a percentage of restaurant sales was primarily due to lower fresh chicken wing costs and product mix changes. Fresh chicken wings were 27% of cost of goods sold in 2005 compared to 34% in 2004. This decrease was primarily due to a drop in average wing costs to \$1.20 per pound in 2005 from \$1.39 per pound in 2004. Also, boneless wings sales have increased as a part of our menu mix, providing better margins and a corresponding lower cost of goods percentage.

Labor expenses increased by \$11.6 million, or 26.3%, to \$55.4 million in

2005 from \$43.9 million in 2004 due primarily to more restaurants being operated in 2005. Labor expenses as a percentage of restaurant sales also increased to 29.8% in 2005 compared to 28.8% in 2004. Labor in our restaurants was higher than prior year due to restaurants having higher hourly and management costs along with slightly higher medical costs and payroll taxes.

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Operating expenses increased by \$6.6 million, or 28.8%, to \$29.7 million in 2005 from \$23.1 million in 2004 due primarily to more restaurants being operated in 2005. Operating expenses as a percentage of restaurant sales also increased to 16.0% in 2005 from 15.2% in 2004. The increase in operating expenses as a percentage of restaurant sales was primarily due to higher advertising with a focus on community marketing, higher credit card use by customers and higher utility costs.

Occupancy expenses increased by \$3.9 million, or 38.1%, to \$14.2 million in 2005 from \$10.3 million in 2004 due primarily to more restaurants being operated in 2005. Occupancy expenses as a percentage of restaurant sales also increased to 7.6% in 2005 from 6.7% in 2004, primarily due to higher rent expense as a percentage of their current sales levels for restaurants in new markets.

Depreciation increased by \$2.0 million, or 21.1%, to \$11.8 million in 2005 from \$9.7 million in 2004. The increase was primarily due to the additional depreciation on 19 new restaurants in 2005 and 19 new restaurants opened in 2004 and operated for a full year in 2005.

General and administrative expenses increased by \$2.9 million, or 15.1%, to \$22.3 million in 2005 from \$19.4 million in 2004. General and administrative expenses as a percentage of total revenue decreased to 10.6% in 2005 from 11.3% in 2004. This decrease was primarily due to a planned decrease in general and administrative expense growth relative to sales growth. However, this decrease was partially offset by an incremental \$792,000 of stock-based compensation expense in 2005 related to the vesting of additional restricted stock units.

Preopening costs increased by \$557,000, or 27.3%, to \$2.6 million in 2005 from \$2.0 million in 2004. In 2005, we opened 19 new company-owned restaurants, incurred cost of approximately \$38,000 for restaurants opening in 2006 and incurred \$44,000 for restaurants that opened in 2004. In 2004, we opened 19 new company-owned restaurants, incurred costs of approximately \$100,000 for restaurants opening in 2005, and incurred costs of approximately \$30,000 for restaurants that opened in 2003. Average preopening cost per restaurant was \$132,000 and \$94,000 in 2005 and 2004, respectively. The increase was reflective of additional training and development of managers and team members at new locations.

Restaurant impairment and closures increased by \$1.4 million, or 247.5%, to \$2.0 million in 2005 from \$573,000 in 2004. On January 10, 2006, we concluded that we should recognize a \$1 million impairment loss with respect to certain assets of three underperforming restaurants in Atlanta. In addition, the write-down of the assets and goodwill of one underperforming restaurant in North Carolina was recognized during the third quarter of 2005. The expense in 2004 represented the asset impairment of two underperforming restaurants, additional reserves related to a restaurant which closed in 2002, and the write-off of miscellaneous equipment.

Interest income increased by \$669,000 to \$1.3 million in 2005 from \$671,000 in 2004. The majority of our investments were in short-term municipal securities. The increase in interest income was primarily due to the rise in short-term interest rates throughout 2005. Cash and marketable securities balances at the end of the year were \$52.4 million in 2005 compared to \$49.0 million in 2004.

Provision for income taxes increased \$1.3 million to \$5.4 million in 2005 from \$4.1 million in 2004. The effective tax rate as a percentage of income before taxes increased from 36.4% in 2004 to 38.0% in 2005. The rate increase was primarily a result of favorable resolutions of prior year state income tax matters which lowered the overall 2004 tax rate and increased provisions in 2005 for tax exposure items.

#### Liquidity and Capital Resources

Our primary liquidity and capital requirements have been for new restaurant construction, remodeling and maintaining our existing company-owned restaurants, working capital and other general business needs. Our main sources of liquidity and capital during the last three years have been cash flows from operations and the issuance of common stock through an initial public offering in November 2003. The cash and marketable securities balance at December 31, 2006 was \$64.6 million. We invest our cash balances in debt securities with the focus on protection of principal, adequate liquidity and maximization of after-tax returns. As of December 31, 2006, nearly all excess cash was invested in high quality municipal securities.

During fiscal 2006, 2005, and 2004, net cash provided by operating activities was \$33.0 million, \$24.6 million, and \$20.8 million, respectively. Net cash provided by operating activities in 2006 consisted primarily of net earnings adjusted for non-cash expenses, an increase in accrued expenses and

income taxes payable, partially offset by an increase in accounts receivable and a decrease in accounts payable. The increase in accrued expenses was due to a greater number of restaurants and related payroll and operating costs, and higher incentive and deferred compensation costs partially offset by lower health insurance costs. The increase in income taxes payable and decrease in accounts payable was due to timing of payments. The increase in accounts receivable was due to higher credit card sales and tenant allowances compared to prior year. The purchase of marketable securities in 2006 relates to trading securities for a deferred compensation plan.

Net cash provided by operating activities in 2005 consisted primarily of net earnings adjusted for non-cash expenses and an increase in accounts payable and income taxes payable, partially offset by an increase in accounts receivable. The increase in accounts payable was due primarily to additional restaurants and the timing of payments. The increase in income taxes payable was also due to the timing of payments. The increase in accounts receivable was due to higher credit card usage and construction allowance receivables.

Net cash provided by operating activities in 2004 consisted primarily of net earnings adjusted for non-cash expenses and an increase in unearned franchise fees, accounts payable, and accrued expenses partially offset by an increase in accounts receivable and income tax receivables. The increase in unearned franchise fees was due to a number of area development and franchise agreements sold but for which the restaurants had not yet opened. The increase in accounts payable is relative to the growth in the number of company-owned restaurants. The increase in accrued expenses was due primarily to higher incentive compensation costs resulting from company performance, higher professional fees resulting from SOX 404 implementation, and a higher gift card liability due to strong fourth quarter gift card sales. The increase in accounts receivable was primarily due to higher credit card receivables partially offset by lower landlord receivables for tenant improvements. The increase in income tax receivables was due to the timing of payments.

Net cash used in investing activities for 2006, 2005, and 2004 was \$26.8 million, \$33.9 million, and \$59.3 million, respectively. Investing activities included purchases of property and equipment related to the opening of new restaurants in all periods. In 2006, 2005, and 2004, we opened 18, 19, and 19 new restaurants, respectively. In 2007, we expect capital expenditures for over 20 new company-owned restaurants to cost approximately \$1.2 million per location and expenditures of approximately \$12 million for the maintenance and remodels of existing restaurants and the relocation of our home office in Minneapolis. In 2006, we purchased \$108.3 million of marketable securities and received proceeds of \$105.3 million as investments in marketable securities matured or were sold. In 2005, we purchased \$91.5 million of marketable securities and received proceeds of \$79.5 million as investments in marketable securities matured or were sold. In 2004, we purchased \$95.5 million of marketable securities and received proceeds of \$58.9 million as investments in marketable securities matured.

Net cash provided by financing activities for 2006, 2005 and 2004 was \$1.6 million, \$730,000, and \$1.6 million, respectively. Net cash provided by financing activities for 2006 resulted primarily from the issuance of common stock for options exercised and employee stock purchases of \$1.1 million and excess tax benefits for restricted stock issuances of \$1.2 million partially offset by tax payments for restricted stock of \$686,000. Net cash provided by financing activities for 2005 resulted from the issuance of common stock for options exercised and employee stock purchases of \$1.0 million partially offset by tax payments for restricted stock of \$284,000. Net cash provided by financing activities for 2004 resulted primarily from the issuance of common stock for warrants exercised, stock options exercised, and employee stock purchases of \$1.6 million. No additional funding from the issuance of common stock (other than from the exercise of options and employee stock purchases) is anticipated in 2007.

Our liquidity is impacted by minimum cash payment commitments resulting from operating lease obligations for our restaurants and our corporate offices. Lease terms are generally 10 to 15 years with renewal options and generally require us to pay a proportionate share of real estate taxes, insurance, common area maintenance and other operating costs. Some restaurant leases provide for contingent rental payments based on sales thresholds. Except for one restaurant building, we do not currently own any of the land or buildings in which our restaurants operate and therefore do not have the ability to enter into sale-leaseback transactions as a potential source of cash.

The following table presents a summary of our contractual operating lease obligations and commitments as of December 31, 2006:

Total	Payments Due By Period (in thousands)			
	Less than one year	1-3 years	3-5 years	After 5 years
-----	-----	-----	-----	-----

Operating lease obligations	\$ 130,956	16,010	29,726	25,647	59,573
Commitments for restaurants under development	11,896	534	2,115	2,136	7,111
Total	\$ 142,852	16,544	31,841	27,783	66,684

Prior to our initial public offering, we operated with a net working capital deficit utilizing our cash from operations and proceeds from equity financings and equipment leasing to fund our operations and our expansion. Since our initial public offering, we have maintained a cash and marketable securities balance in excess of \$49 million and have funded our capital expenditures from

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cash provided by operations. We believe the cash flows from our operating activities in 2007 will also be sufficient to fund our capital expenditures for the current year.

#### Recent Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109," which seeks to reduce the diversity in practice associated with the accounting and reporting for uncertainty in income tax positions. This Interpretation prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. FIN 48 is effective for fiscal years beginning after December 15, 2006 and we will adopt the new requirements in the first quarter of 2007. The cumulative effect, if any, of adopting FIN 48 will be recorded as an adjustment to retained earnings as of the beginning of the period of adoption. The adoption of FIN 48 is not expected to have a significant impact on our financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures above fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Early adoption is permitted. We have not yet determined the effect on our financial statements, if any, upon adoption of SFAS 157.

In September 2006, the SEC staff issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"). The intent of SAB 108 is to reduce the diversity in practice for the method used to quantify financial statement misstatements, including the effect of prior year uncorrected errors. SAB 108 establishes an approach that requires quantification of financial statement errors using both an income statement and a cumulative balance sheet approach. SAB 108 is effective for fiscal years ending after November 15, 2006, and we adopted the new requirements in fiscal 2006. The adoption of SAB 108 did not have an impact on our consolidated financial statements.

#### Quarterly Results of Operations

The following table sets forth, by quarter, the unaudited quarterly results of operations for the two most recent years, as well as the same data expressed as a percentage of our total revenue for the periods presented. Restaurant operating costs are expressed as a percentage of restaurant sales. The information for each quarter is unaudited and we have prepared it on the same basis as the audited financial statements appearing elsewhere in this document. In the opinion of management, all necessary adjustments, consisting only of normal recurring adjustments, have been included to present fairly the unaudited quarterly results. All amounts, except per share amounts, are expressed in thousands.

Quarterly and annual operating results may fluctuate significantly as a result of a variety of factors, including increases or decreases in same-store sales, changes in fresh chicken wing prices, the timing and number of new restaurant openings and their related expenses, asset impairment charges, store closing charges, general economic conditions and seasonal fluctuations.

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#### Results of Quarterly Operations (unaudited)

Mar. 27, 2005	Jun. 26, 2005	Sep. 25, 2005	Dec. 25, 2005	Mar. 26, 2006	Jun. 25, 2006	Sep. 24, 2006	Dec. 31, 2006(1)
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Revenue:

Restaurant sales	\$45,073	\$42,570	\$45,892	\$52,288	\$57,092	\$55,036	\$60,800	\$74,222
Franchise royalties and fees	5,720	5,653	5,840	6,664	7,169	7,224	7,548	9,092
<b>Total revenue</b>	<b>50,793</b>	<b>48,223</b>	<b>51,732</b>	<b>58,952</b>	<b>64,261</b>	<b>62,260</b>	<b>68,348</b>	<b>83,314</b>
<b>Costs and expenses:</b>								
Restaurant operating costs:								
Cost of sales	15,231	13,291	14,096	16,153	18,005	17,028	18,557	22,497
Labor	13,217	12,976	13,743	15,467	16,595	16,562	18,265	21,608
Operating	6,857	6,666	7,529	8,665	9,443	9,236	10,291	12,117
Occupancy	3,156	3,395	3,616	4,005	4,089	4,269	4,450	4,721
Depreciation	2,675	2,832	2,998	3,260	3,330	3,433	3,649	4,080
General and administrative	5,626	5,634	5,383	5,660	7,078	7,441	7,600	8,255
Preopening	313	600	818	868	487	1,034	755	801
Restaurant impairment and closures	18	4	849	1,120	210	44	102	652
<b>Total costs and expenses</b>	<b>47,093</b>	<b>45,398</b>	<b>49,032</b>	<b>55,198</b>	<b>59,237</b>	<b>59,047</b>	<b>63,669</b>	<b>74,731</b>
Income from operations	3,700	2,825	2,700	3,754	5,024	3,213	4,679	8,583
Interest income	272	337	349	382	470	500	556	813
<b>Earnings before income taxes</b>	<b>3,972</b>	<b>3,162</b>	<b>3,049</b>	<b>4,136</b>	<b>5,494</b>	<b>3,713</b>	<b>5,235</b>	<b>9,396</b>
Income tax expense	1,521	1,226	1,174	1,518	1,978	1,281	1,709	2,597
<b>Net earnings</b>	<b>\$ 2,451</b>	<b>\$ 1,936</b>	<b>\$ 1,875</b>	<b>\$ 2,618</b>	<b>\$ 3,516</b>	<b>\$ 2,432</b>	<b>\$ 3,526</b>	<b>\$ 6,799</b>
<b>Earnings per common share - basic</b>	<b>0.29</b>	<b>0.23</b>	<b>0.22</b>	<b>0.31</b>	<b>0.41</b>	<b>0.28</b>	<b>0.41</b>	<b>0.79</b>
<b>Earnings per common share - diluted</b>	<b>0.28</b>	<b>0.22</b>	<b>0.22</b>	<b>0.30</b>	<b>0.40</b>	<b>0.28</b>	<b>0.40</b>	<b>0.77</b>
<b>Weighted average shares outstanding - basic</b>	<b>8,367</b>	<b>8,448</b>	<b>8,473</b>	<b>8,482</b>	<b>8,532</b>	<b>8,556</b>	<b>8,598</b>	<b>8,624</b>
<b>Weighted average shares outstanding - diluted</b>	<b>8,677</b>	<b>8,675</b>	<b>8,678</b>	<b>8,711</b>	<b>8,736</b>	<b>8,755</b>	<b>8,762</b>	<b>8,839</b>

(1) We utilize a thirteen-week quarterly accounting period. However, fiscal 2006 is a 53-week year, with the quarter ending December 31, 2006 comprising fourteen weeks.

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Results of Quarterly Operations (unaudited)

	Mar. 27, 2005	Jun. 26, 2005	Sep. 25, 2005	Dec. 25, 2005	Mar. 26, 2006	Jun. 25, 2006	Sep. 24, 2006	Dec. 31, 2006(1)
<b>Revenue:</b>								
Restaurant sales	88.7%	88.3%	88.7%	88.7%	88.8%	88.4%	89.0%	89.1%
Franchise royalties and fees	11.3	11.7	11.3	11.3	11.2	11.6	11.0	10.9
<b>Total revenue</b>	<b>100.0</b>							
<b>Costs and expenses:</b>								
Restaurant operating costs:								
Cost of sales	33.8	31.2	30.7	30.9	31.5	30.9	30.5	30.3
Labor	29.3	30.5	29.9	29.6	29.1	30.1	30.0	29.1
Operating	15.2	15.7	16.4	16.6	16.5	16.8	16.9	16.3
Occupancy	7.0	8.0	7.9	7.7	7.2	7.8	7.3	6.4
Depreciation	5.3	5.9	5.8	5.5	5.2	5.5	5.3	4.9
General and administrative	11.1	11.7	10.4	9.6	11.0	12.0	11.1	9.9
Preopening	0.6	1.2	1.6	1.5	0.8	1.7	1.1	1.0
Restaurant impairment and closures	0.0	0.0	1.6	1.9	0.3	0.1	0.1	0.8
<b>Total costs and expenses</b>	<b>92.7</b>	<b>94.1</b>	<b>94.8</b>	<b>93.6</b>	<b>92.2</b>	<b>94.8</b>	<b>93.2</b>	<b>89.7</b>
Income from operations	7.3	5.9	5.2	6.4	7.8	5.2	6.8	10.3
Interest income	0.5	0.7	0.7	0.6	0.7	0.8	0.8	1.0

Earnings before income taxes	7.8	6.6	5.9	7.0	8.5	6.0	7.7	11.3
Income tax expense	3.0	2.5	2.3	2.6	3.1	2.1	2.5	3.1
Net earnings	4.8%	4.0%	3.6%	4.4%	5.5%	3.9%	5.2%	8.2%

(1) We utilize a thirteen-week quarterly accounting period. However, fiscal 2006 is a 53-week year, with the quarter ending December 31, 2006 comprising fourteen weeks.

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#### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk related to our cash and cash equivalents and marketable securities. We invest our excess cash in highly liquid short-term investments with maturities of less than one year. These investments are not held for trading or other speculative purposes. Changes in interest rates affect the investment income we earn on our cash and cash equivalents and marketable securities and, therefore, impact our cash flows and results of operations.

##### Financial Instruments

Financial instruments that potentially subject us to concentrations of credit risk consist principally of municipal securities. We do not believe there is a significant risk of non-performance by these municipalities because of our investment policy restrictions as to acceptable investment vehicles.

##### Inflation

The primary inflationary factors affecting our operations are food, labor, and restaurant operating costs. Substantial increases in these costs could impact operating results to the extent that such increases cannot be passed along through higher menu prices. A large number of our restaurant personnel are paid at rates based on the applicable federal and state minimum wages, and increases in the minimum wage rates and tip-credit wage rates could directly affect our labor costs. Many of our leases require us to pay taxes, maintenance, repairs, insurance and utilities, all of which are generally subject to inflationary increases. During 2005, we were affected by higher diesel and natural gas prices. We believe inflation has not had a material impact on our results of operations in recent years.

##### Commodity Price Risk

Many of the food products purchased by us are affected by weather, production, availability and other factors outside our control. We believe that almost all of our food and supplies are available from several sources, which helps to control food product risks. We negotiate directly with independent suppliers for our supply of food and paper products. We use members of UniPro Food Services, Inc., a national cooperative of independent food distributors, to distribute these products from the suppliers to our restaurants. We have minimum purchase requirements with some of our vendors, but the terms of the contracts and nature of the products are such that our purchase requirements do not create a market risk. The primary food product used by company-owned and franchised restaurants is fresh chicken wings. We purchase fresh chicken wings based on current market prices that are subject to monthly fluctuation. A material increase in fresh chicken wing costs may adversely affect our operating results. Fresh chicken wing prices in 2006 averaged 3% lower than 2005 as the average price per pound dropped to \$1.17 in 2006 from \$1.20 in 2005. If there is a significant rise in the price of fresh chicken wings, and we are unable to successfully adjust menu prices or menu mix or otherwise make operational adjustments to account for the higher wing prices, our operating results could be adversely affected. Fresh chicken wings accounted for approximately 24%, 27%, and 34% of our cost of sales in 2006, 2005, and 2004, respectively, with an annual average price per pound of \$1.17, \$1.20, and \$1.39, respectively. A 10% increase in fresh chicken wing costs during 2006, would have increased restaurant cost of sales by approximately \$1.8 million for fiscal 2006. Additional information related to chicken wing prices and our approaches to managing the volatility thereof is included in Item 7 under "Results of Operations."

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#### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

For supplemental information regarding quarterly results of operations, refer to Item 7, "Quarterly Results of Operations."

BUFFALO WILD WINGS, INC.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders  
Buffalo Wild Wings, Inc.:

We have audited the accompanying consolidated balance sheets of Buffalo Wild Wings, Inc. and subsidiaries (the Company) as of December 31, 2006 and December 25, 2005, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the fiscal years in the three-year period ended December 31, 2006. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Buffalo Wild Wings, Inc. and subsidiaries as of December 31, 2006 and December 25, 2005, and the results of their operations and their cash flows for each of the fiscal years in the three-year period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standards No. 123R, "Share-Based Payment," on December 26, 2005.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2006, based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated March 8, 2007 expressed an unqualified opinion on management's assessment of, and the effective operation of internal controls over financial reporting.

/s/ KPMG LLP

Minneapolis, Minnesota  
March 8, 2007

BUFFALO WILD WINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
December 31, 2006 and December 25, 2005  
(Dollar amounts in thousands)

	December 31, 2006	December 25, 2005
	-----	-----
Assets		
Current assets:		
Cash and cash equivalents	\$ 11,756	3,986
Marketable securities	52,829	48,418

Accounts receivable - franchisees, net of allowance of \$47 and \$25, respectively	929	731
Accounts receivable - other	5,212	3,700
Inventory	1,767	1,502
Prepaid expenses	1,052	1,972
Deferred income taxes	1,405	770
	-----	-----
Total current assets	74,950	61,079
Property and equipment, net	78,137	68,693
Restricted cash	6,007	2,115
Other assets	1,720	867
Goodwill	369	369
	-----	-----
Total assets	\$ 161,183	133,123
	=====	=====
Liabilities and Stockholders' Equity		
Current liabilities:		
Unearned franchise fees	\$ 2,347	2,194
Accounts payable	5,874	6,628
Income taxes payable	264	102
Accrued compensation and benefits	10,963	6,775
Accrued expenses	5,538	3,900
Current portion of deferred lease credits	794	604
	-----	-----
Total current liabilities	25,780	20,203
Long-term liabilities:		
Other liabilities	478	--
Marketing fund payables	6,007	2,115
Deferred income taxes	3,162	4,755
Deferred lease credits, net of current portion	9,540	9,202
	-----	-----
Total liabilities	44,967	36,275
	-----	-----
Commitments and contingencies (notes 4 and 13)		
Stockholders' equity:		
Undesignated stock, 5,600,000 shares authorized; none issued	--	--
Common stock, no par value. Authorized 15,600,000 shares; issued and outstanding 8,795,590, and 8,616,222, respectively	75,030	74,503
Deferred compensation	--	(2,568)
Retained earnings	41,186	24,913
	-----	-----
Total stockholders' equity	116,216	96,848
	-----	-----
Total liabilities and stockholders' equity	\$ 161,183	133,123
	=====	=====

See accompanying notes to consolidated financial statements.

BUFFALO WILD WINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

Fiscal years ended December 31, 2006, December 25, 2005, and December 26, 2004  
(Dollar amounts in thousands except share and per share data)

	Fiscal years ended		
	December 31, 2006	December 25, 2005	December 26, 2004
	-----	-----	-----
Revenue:			
Restaurant sales	\$ 247,150	185,823	152,221
Franchise royalties and fees	31,033	23,877	18,827
	-----	-----	-----
Total revenue	278,183	209,700	171,048
	-----	-----	-----
Costs and expenses:			
Restaurant operating costs:			
Cost of sales	76,087	58,771	51,507
Labor	73,030	55,403	43,853
Operating	41,087	29,717	23,080
Occupancy	17,529	14,172	10,259
Depreciation	14,492	11,765	9,717
General and administrative (1)	30,374	22,303	19,372

Preopening	3,077	2,599	2,042
Restaurant impairment and closures	1,008	1,991	573
	-----	-----	-----
Total costs and expenses	256,684	196,721	160,403
	-----	-----	-----
Income from operations	21,499	12,979	10,645
Interest income	2,339	1,340	671
	-----	-----	-----
Earnings before income taxes	23,838	14,319	11,316
Income tax expense	7,565	5,439	4,115
	-----	-----	-----
Net earnings	16,273	8,880	7,201
	=====	=====	=====
Earnings per common share - basic	\$ 1.90	1.05	0.88
Earnings per common share - diluted	1.85	1.02	0.84
Weighted average shares outstanding - basic	8,578,328	8,446,200	8,165,078
Weighted average shares outstanding - diluted	8,814,337	8,708,494	8,603,881

(1) Includes stock-based compensation of \$3,216, \$1,700, and \$909, respectively

See accompanying notes to consolidated financial statements.

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BUFFALO WILD WINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Fiscal years ended December 31, 2006, December 25, 2005, and December 26, 2004  
(Dollar amounts in thousands)

	Common Stock		Deferred Compensation	Retained Earnings	Total
	Shares	Amount			
Balance at December 28, 2003	7,981,945	\$ 66,235	--	8,832	75,067
Net earnings	--	--	--	7,201	7,201
Shares issued under employee stock purchase plan	28,453	522	--	--	522
Net issuances of restricted stock	78,639	2,726	(2,726)	--	--
Exercise of warrants	132,455	317	--	--	317
Exercise of stock options	204,279	733	--	--	733
Tax benefit from stock issued	--	958	--	--	958
Stock-based compensation	--	--	909	--	909
	-----	-----	-----	-----	-----
Balance at December 26, 2004	8,425,771	\$ 71,491	(1,817)	16,033	85,707
Net earnings	--	--	--	8,880	8,880
Shares issued under employee stock purchase plan	21,238	506	--	--	506
Net issuances of restricted stock	64,851	1,589	(2,451)	--	(862)
Exercise of stock options	104,362	508	--	--	508
Tax benefit from stock issued	--	409	--	--	409
Stock-based compensation	--	--	1,700	--	1,700
	-----	-----	-----	-----	-----
Balance at December 25, 2005	8,616,222	\$ 74,503	(2,568)	24,913	96,848
Net earnings	--	--	--	16,273	16,273
Shares issued under employee stock purchase plan	18,402	528	--	--	528
Net issuances of restricted stock	74,977	(4,943)	2,568	--	(2,375)
Exercise of stock options	85,989	573	--	--	573
Tax benefit from stock issued	--	1,153	--	--	1,153
Stock-based compensation	--	3,216	--	--	3,216
	-----	-----	-----	-----	-----
Balance at December 31, 2006	8,795,590	\$ 75,030	--	41,186	116,216
	=====	=====	=====	=====	=====

See accompanying notes to consolidated financial statements.

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BUFFALO WILD WINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal years ended December 31, 2006, December 25, 2005, and December 26, 2004  
(Dollar amounts in thousands)

	Fiscal years ended		
	December 31,	December 25,	December 26,
	2006	2005	2004
Cash flows from operating activities:	-----	-----	-----

Net earnings	\$	16,273	8,880	7,201
Adjustments to reconcile net earnings to cash provided by operations:				
Depreciation		14,492	11,765	9,717
Amortization		(54)	90	151
Restaurant impairment and closures		1,008	1,991	573
Deferred lease credits		393	362	142
Deferred income taxes		(2,228)	(1,473)	1,947
Stock-based compensation		3,216	1,700	909
Tax benefit from stock issuance		--	409	958
Excess tax benefit from stock issuance		(1,153)	--	--
Change in operating assets and liabilities:				
Purchase of marketable securities		(1,288)	--	--
Accounts receivable		(1,575)	(1,064)	(1,023)
Inventory		(265)	(295)	(229)
Prepaid expenses		920	(502)	(240)
Other assets		(853)	(93)	(72)
Unearned franchise fees		153	(239)	474
Accounts payable		(1,884)	1,163	(166)
Income taxes		1,315	1,829	(1,360)
Accrued expenses		4,561	95	1,772
Net cash provided by operating activities		33,031	24,618	20,754
Cash flows from investing activities:				
Acquisition of property and equipment		(23,760)	(21,865)	(22,702)
Purchase of marketable securities		(108,328)	(91,539)	(95,475)
Proceeds of marketable securities		105,259	79,485	58,870
Net cash used in investing activities		(26,829)	(33,919)	(59,307)
Cash flows from financing activities:				
Issuance of common stock		1,101	1,014	1,572
Tax payments for restricted stock		(686)	(284)	--
Excess tax benefit from stock issuance		1,153	--	--
Net cash provided by financing activities		1,568	730	1,572
Net increase (decrease) in cash and cash equivalents		7,770	(8,571)	(36,981)
Cash and cash equivalents at beginning of year		3,986	12,557	49,538
Cash and cash equivalents at end of year	\$	11,756	3,986	12,557

See accompanying notes to consolidated financial statements.

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#### BUFFALO WILD WINGS, INC. AND SUBSIDIARIES

##### Notes to Consolidated Financial Statements

December 31, 2006 and December 25, 2005

(Dollar amounts in thousands, except per-share amounts)

#### (1) Nature of Business and Summary of Significant Accounting Policies

##### (a) Nature of Business

The Company was organized for the purpose of operating Buffalo Wild Wings(R) restaurants, as well as selling Buffalo Wild Wings restaurant franchises. In exchange for the initial and continuing franchise fees received, the Company gives franchisees the right to use the name Buffalo Wild Wings.

At December 31, 2006, December 25, 2005, and December 26, 2004, the Company operated 139, 122, and 103 Company-owned restaurants, respectively, and had 290, 248, and 203 franchised restaurants, respectively.

##### (b) Principles of Consolidation

The consolidated financial statements include the accounts of Buffalo Wild Wings, Inc. and its wholly owned subsidiaries (collectively, the Company). All significant intercompany accounts and transactions have been eliminated in consolidation.

##### (c) Fiscal Year

The Company utilizes a 52- or 53-week accounting period that ends on the last Sunday in December. The fiscal year ended December 31, 2006 was a 53-week year with the quarter ended December 31, 2006 comprising fourteen weeks. The fiscal years ended December 25, 2005, and December 26, 2004, comprised 52 weeks. The 53rd week of fiscal 2006 contributed \$5,663 in restaurant sales and \$768 in royalties and fees.

##### (d) Restaurant Sales Concentration

As of December 31, 2006, the Company operated 22 Company-owned restaurants and had 59 franchised restaurants in the state of Ohio. The Company-owned restaurants in Ohio aggregated 18.6%, 22.3%, and 26.5%, respectively, of the Company's restaurant sales in fiscal 2006, 2005, and 2004. The Company is subject to adverse trends and economic conditions in that state.

##### (e) Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less.

(f) Marketable Securities

Marketable securities consist of available-for-sale securities and trading securities that are carried at fair value and held-to-maturity securities that are stated at amortized cost, which approximates market.

Available-for-sale securities are classified as current assets based upon the Company's intent and ability to use any and all of the securities as necessary to satisfy the operational requirements of its business. Realized gains and losses from the sale of available-for-sale securities were not material for fiscal 2006. Unrealized losses are charged against net earnings when a decline in fair value is determined to be other than temporary. The available-for-sale investments carry short-term repricing features which generally result in these investments having a value at or near par value (cost).

Trading securities are stated at fair value, with gains or losses resulting from changes in fair value recognized currently in earnings as interest income. In 2006, we funded a deferred compensation plan using trading assets in a marketable equity portfolio. This portfolio is held to generate returns that seek to offset changes in liabilities related to the equity market risk of certain deferred compensation arrangements. These deferred compensation liabilities were \$1,237 in 2006 and are included in accrued compensation and benefits on the consolidated balance sheets.

(g) Accounts Receivable

Accounts receivable - franchisees represents royalty receivables from the Company's franchisees. Accounts receivable - other consists primarily of contractually-determined receivables for leasehold improvements, credit cards, vendor rebates, and purchased interest on investments.

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BUFFALO WILD WINGS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2006 and December 25, 2005

(Dollar amounts in thousands, except per-share amounts)

(h) Inventories

Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method.

The Company purchases its product from a number of suppliers and believes there are alternative suppliers. The Company has minimum purchase commitments from some of its vendors but the terms of the contracts and nature of the products are such that purchase requirements do not create a market risk. The primary food product used by Company- owned and franchised restaurants is fresh chicken wings. Fresh chicken wings are purchased by the Company based on current market conditions and are subject to fluctuation. Material increases in fresh chicken wing costs may adversely affect the Company's operating results. For fiscal 2006, 2005, and 2004, fresh chicken wings were 24%, 27%, and 34% of restaurant cost of sales, respectively.

(i) Property and Equipment

Property and equipment are recorded at cost. Leasehold improvements include the cost of improvements funded by landlord incentives or allowances and during the build-out period leasehold improvements are amortized using the straight-line method over the lesser of the term of the lease, without consideration of renewal options, or the estimated useful lives of the assets, which typically range from five to ten years. Furniture and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, which range from two to eight years. Maintenance and repairs are expensed as incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and the related gains or losses are credited or charged to earnings.

The Company reviews property and equipment, along with other long-lived assets, quarterly to determine if the carrying value of these assets may not be recoverable based on estimated future undiscounted cash flows. Assets are reviewed at the lowest level for which cash flows can be identified, which is the individual restaurant level. In determining future cash flows, significant estimates are made by the Company with respect to future operating results of each restaurant over its remaining lease term. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Fair value is generally determined by estimated discounted future cash flows.

(j) Goodwill and Other Assets

Goodwill represents the excess of cost over the fair value of identified

net assets of the business acquired. Goodwill and purchased liquor licenses are subject to an annual impairment analysis. The Company identifies potential impairments by comparing the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds the carrying amount, the asset is not impaired. If the carrying amount exceeds the fair value, the Company calculates the possible impairment by comparing the implied fair value of the asset with the carrying amount. If the implied value of the asset is less than the carrying amount, a write-down is recorded. In 2005, the Company recorded an impairment charge of \$390 for goodwill not considered recoverable based on estimated discounted future cash flows. The remaining goodwill was considered recoverable as of December 31, 2006.

Other intangible assets consist primarily of liquor licenses. These licenses are either amortized over their annual renewal period or, if purchased, are carried at the lower of fair value or cost. The carrying amount of the liquor licenses not subject to amortization as of December 31, 2006 and December 25, 2005 was \$375 and \$275, respectively, and is included in other assets.

(k) Fair Values of Financial Instruments

The carrying value of the Company's financial assets and liabilities approximates fair value, because of their short-term nature.

(l) Asset Retirement Obligations

An asset retirement obligation associated with the retirement of a tangible long-lived asset is recognized as a liability in the period incurred or when it becomes determinable, with an associated increase in the carrying amount of the related long-lived asset. The Company must recognize a liability for the fair value of a conditional asset retirement obligation when incurred, if the

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BUFFALO WILD WINGS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements  
December 31, 2006 and December 25, 2005

(Dollar amounts in thousands, except per-share amounts)

liability's fair value can be reasonably estimated. Conditional asset retirement obligations are legal obligations to perform asset retirement activities when the timing and/or method of settlement are conditional on a future event or may not be within the control of the Company. Asset retirement costs are depreciated over the useful life of the related asset. As of December 31, 2006, the Company's asset retirement obligation was \$142.

(m) Revenue Recognition

Franchise agreements have terms ranging from ten to twenty years. These agreements also convey multiple extension terms of five or ten years, depending on contract terms and if certain conditions are met. The Company provides the use of the Buffalo Wild Wings trademarks, system, training, preopening assistance, and restaurant operating assistance in exchange for area development fees, franchise fees, and royalties of 5% of a restaurant's sales.

Franchise fee revenue from individual franchise sales is recognized upon the opening of the franchised restaurant when all material obligations and initial services to be provided by the Company have been performed. Area development fees are dependent based on the number of restaurants in the territory, as are the Company's obligations under the area development agreement. Consequently, as obligations are met, area development fees are recognized proportionally with expenses incurred with the opening of each new restaurant and any royalty-free periods. Royalties are accrued as earned and are calculated each period based on restaurant sales.

Sales from Company-owned restaurant revenues are recognized as revenue at the point of the delivery of meals and services. All sales taxes are presented on a net basis and are excluded from revenue.

(n) Franchise Operations

The Company enters into franchise agreements with unrelated third parties to build and operate restaurants using the Buffalo Wild Wings brand within a defined geographical area. The Company believes that franchising is an effective and efficient means to expand the Buffalo Wild Wings brand. Franchised restaurants open for a full year averaged \$2,299 in sales in 2006. The franchisee is required to operate their restaurants in compliance with their franchise agreement that includes adherence to operating and quality control procedures established by the Company. The Company does not provide loans, leases, or guarantees to the franchisee or the franchisee's employees and vendors. If a franchisee becomes financially distressed, the Company does not provide any financial assistance. If financial distress leads to a franchisee's noncompliance with the franchise agreement and the Company elects to terminate the franchise agreement, the Company has the right but not the obligation to acquire the assets of the franchisee at fair value as determined by an

independent appraiser. The Company receives a 5% royalty of gross sales as defined in the franchise agreement and in most cases, allowances directly from the franchisees' vendors that generally are less than 0.6% of the franchisees' gross sales. The Company has financial exposure for the collection of the royalty payments. Franchisees generally remit franchise payments weekly for the prior week's sales, which substantially minimizes the Company's financial exposure. Historically, the Company has experienced insignificant write-offs of franchisee royalties. Franchise and area development fees are paid upon the signing of the related agreements.

(o) Advertising Costs

Advertising costs for Company-owned restaurants are expensed as incurred and aggregated \$9,055, \$5,809, and \$4,278, in fiscal years ended 2006, 2005, and 2004, respectively. The Company's advertising costs exclude amounts collected from franchisees as part of the system-wide marketing and advertising fund.

(p) Preopening Costs

Costs associated with the opening of new Company-owned restaurants are expensed as incurred.

(q) Payments Received from Vendors

Vendor allowances include allowances and other funds received from vendors. Certain of these funds are determined based on various quantitative contract terms. The Company also receives vendor allowances from certain manufacturers and distributors calculated based upon purchases made by franchisees. Amounts that represent a reimbursement of costs incurred, such as advertising, are recorded as a reduction of the related expense. Amounts that represent a reduction of inventory purchase costs are recorded as a reduction of inventoriable costs. The Company recorded an estimate of earned vendor

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BUFFALO WILD WINGS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements  
December 31, 2006 and December 25, 2005

(Dollar amounts in thousands, except per-share amounts)

allowances that are calculated based upon monthly purchases. The Company generally receives payment from vendors approximately 30 days from the end of a month for that month's purchases. During fiscal 2006, 2005, and 2004, vendor allowances were recorded as a reduction in inventoriable costs, and cost of sales was reduced by \$4,246, \$4,020, and \$3,913, respectively.

(r) National Advertising Fund

The Company has a system-wide marketing and advertising fund. Company-owned and franchised restaurants are required to remit a designated portion of sales, to a separate advertising fund that is used for marketing and advertising efforts throughout the system. In 2006, that amount was 3%. Certain payments received from various vendors are deposited into the National Advertising Fund. These funds are used for development and implementation of system-wide initiatives and programs. The Company accounts for cash and receivables of these funds as "restricted cash" with an offsetting "marketing fund payables" on its balance sheet. On December 26, 2005, the contribution to the advertising fund increased from 2.5% to 3.0% of sales.

(s) Earnings Per Common Share

Basic earnings per common share excludes dilution and is computed by dividing the net earnings available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per common share include dilutive common stock equivalents consisting of stock options and warrants determined by the treasury stock method. Restricted stock units are included for calculating both basic and diluted earnings per share at the time that the performance criteria is met.

(t) Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the balance sheet carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets unless it is more likely than not that such assets will be realized. (u) Deferred Lease Credits  
Deferred lease credits consist of reimbursement of costs of leasehold improvements from the Company's lessors. These reimbursements are amortized on a straight-line basis over the term of the applicable lease, without consideration of renewal options. In addition, this account includes adjustments to recognize rent expense on a straight-line basis over the term of the lease commencing at the start of the Company's construction period of the restaurant, without consideration of renewal options.

Leases typically have an initial lease term of between 10 to 15 years and contain renewal options under which the Company may extend the terms for periods of three to five years. Certain leases contain rent escalation clauses that require higher rental payments in later years. Leases may also contain rent holidays, or free rent periods, during the lease term. Rent expense is recognized on a straight-line basis over the initial lease term. Prior to Staff Position No. FAS 13-1, "Accounting for Rental Costs Incurred During a Construction Period," rent expense recognized over the construction period was capitalized and depreciated over the economic life of the asset, generally ten years.

(v) Accounting Estimates

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

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BUFFALO WILD WINGS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements  
December 31, 2006 and December 25, 2005  
(Dollar amounts in thousands, except per-share amounts)

(w) Stock-Based Compensation

We maintain a stock equity incentive plan under which we may grant non-qualified stock options, incentive stock options, and restricted stock units to employees, non-employee directors and consultants. We also have an employee stock purchase plan ("ESPP").

Prior to the December 26, 2005 adoption of the Financial Accounting Standards Board ("FASB") Statement No. 123R, "Shared-Based Payment" ("SFAS 123R"), we accounted for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Accordingly, because the stock option grant price equaled the market price on the date of grant, and any purchase discounts under our stock purchase plan were within statutory limits, no compensation expense was recognized for stock-based compensation related to stock options or ESPP shares. Restricted stock units vesting upon the achievement of certain performance targets were expensed under the requirements of APB 25. Stock-based compensation recognized for restricted stock during 2005 and 2004 were \$1,700 and \$909, respectively. As permitted by SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), stock-based compensation was included as a pro forma disclosure in the notes to the consolidated financial statements.

Effective December 26, 2005, we adopted the fair value recognition provisions of SFAS 123R, using the modified-prospective transition method. Under this transition method, stock-based compensation expense is recognized in the consolidated financial statements for granted, modified, or settled stock options and for expense related to the ESPP, since the related purchase discounts exceeded the amount allowed under SFAS 123R for non-compensatory treatment. Compensation expense recognized includes the estimated expense for the portion of stock options vesting in the period for options granted prior to, but not vested as of December 26, 2005, based on the grant date fair value estimated in accordance with the original provisions of SFAS 123. There were no new stock option grants in 2006. Restricted stock units vesting upon the achievement of certain performance targets are expensed based on the fair value on the date of grant. Results for prior periods have not been restated, as provided for under the modified-prospective transition method.

Total stock-based compensation expense recognized in the consolidated statement of earnings for fiscal year 2006 was \$3,216 before income taxes and consisted of restricted stock, stock options, and employee stock purchase plan (ESPP) expense of \$3,000, \$82 and \$134, respectively. The related total tax benefit was \$1,153 during 2006. All stock-based compensation is recognized as general and administrative expense.

Prior to the adoption of SFAS 123R, we presented all tax benefits resulting from the exercise of stock options as operating cash inflows in the consolidated statements of cash flows, in accordance with the provisions of the Emerging Issues Task Force ("EITF") Issue No 00-15, "Classification in the Statement of Cash Flows of the Income Tax Benefit Received by a Company upon Exercise of a Nonqualified Employee Stock Option." SFAS 123R requires the benefits of tax deductions in excess of the compensation cost recognized for those options to be classified as financing cash inflows, rather than operating cash inflows, on a prospective basis. This amount is shown as "Excess tax benefit from stock issuance" on the consolidated statement of cash flows for the fiscal year ended December 31, 2006.

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The following table shows the effect on net earnings and earnings per share for the 2005 and 2004 fiscal periods had compensation cost been recognized based upon the estimated fair value on the grant date of stock options and ESPP.

	Fiscal Years Ended	
	December 25, 2005	December 26, 2004
Net earnings, as reported	\$ 8,880	7,201
Add:		
Total stock-based compensation expense included in reported earnings, net of related tax effects	1,054	581
Deduct:		
Total stock-based compensation expense determined under the fair value-based method for stock options, restricted stock, and ESPP, net of related tax effects	(1,210)	(739)
Pro forma net earnings	\$ 8,724	7,043
Net earnings per common share:		
As reported (basic)	\$ 1.05	0.88
Pro forma (basic)	1.03	0.86
As reported (dilutive)	1.02	0.84
Pro forma (dilutive)	1.00	0.82

Pro forma disclosures for the fiscal year ended December 31, 2006 are not presented because stock-based compensation is recognized in the consolidated financial statements.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes-Merton ("BSM") option valuation model with the following assumptions:

	Stock Options		
	December 31, 2006*	December 25, 2005	December 26, 2004
Expected dividend yield	N/A	0.0%	0.0%
Expected stock price volatility	N/A	40.1%	38.0%
Risk-free interest rate	N/A	3.5%	2.9%
Expected life of options	N/A	5 years	5 years

	Employee Stock Purchase Plan		
	December 31, 2006	December 25, 2005	December 26, 2004
Expected dividend yield	0.0%	0.0%	0.0%
Expected stock price volatility	39.2 - 41.4%	38.0% - 41.8%	38.0% - 39.0%
Risk-free interest rate	4.3 - 5.2%	3.1% - 4.3%	2.5% - 3.4%
Expected life of options	0.5 years	0.5 years	0.5 years

\* No stock options were granted in 2006.

BUFFALO WILD WINGS, INC. AND SUBSIDIARIES

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The expected term of the options represents the estimated period of time until exercise and is based on historical experience of similar awards, giving consideration to the contractual terms, vesting schedules and expectations of future employee behavior. Expected stock price volatility is based on historical volatility of our stock. The risk-free interest rate is based on the implied yield available on U.S. Treasury zero-coupon issues with an equivalent remaining term. We have not paid dividends in the past.

(x) New Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109", which seeks to reduce the diversity in practice associated with the accounting and reporting for uncertainty in income tax positions. This Interpretation prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. FIN 48 is effective for fiscal years beginning after December 15, 2006 and we will adopt the new requirements in the first quarter of 2007. The cumulative effect, if any, of adopting FIN 48 will be recorded as an adjustment to retained earnings as of the beginning of the period of adoption. The adoption of FIN 48 is not expected to have a significant impact on our financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures above fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Early adoption is permitted. We have not yet determined the effect on our financial statements, if any, upon adoption of SFAS 157.

In September 2006, the SEC staff issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"). The intent of SAB 108 is to reduce the diversity in practice for the method used to quantify financial statement misstatements, including the effect of prior year uncorrected errors. SAB 108 establishes an approach that requires quantification of financial statement errors using both an income statement and a cumulative balance sheet approach. SAB 108 is effective for fiscal years ending after November 15, 2006, and we adopted the new requirements in fiscal 2006. The adoption of SAB 108 did not have a significant impact on our consolidated financial statements.

(y) Reclassifications

Certain balances in prior fiscal years have been reclassified to conform to the presentation adopted in the current year.

The acquisition of property and equipment not yet paid for in the consolidated statements of cash flows for 2005 and 2004 has been reclassified as non-cash transactions. This reduced the amounts for the acquisition of property and equipment by \$82 for 2005 and \$608 for 2004.

Tax withholding for restricted stock units in the consolidated statements of cash flows for 2005 was reclassified as a non-cash transaction. The 2005 amount of \$578 was previously netted as a cash flow from financing activities and is now listed as a non-cash transaction.

BUFFALO WILD WINGS, INC. AND SUBSIDIARIES

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(2) Marketable Securities

Marketable securities were comprised as follows:

	December 31, 2006	December 25, 2005
Held-to-maturity		
Municipal securities	33,522	14,887
Available-for-sale		
Municipal securities	18,019	33,531
Trading		
Mutual funds	1,288	--
Total	\$ 52,829	48,418

Purchases of available for-sale securities totaled \$71,585 in 2006 with sales totaling \$87,205. Purchases of held-to-maturity securities totaled \$36,743 in 2006 with proceeds from maturities totaling \$18,054. All held-to-maturity debt securities mature within one year and had aggregate fair values of \$33,512 at December 31, 2006.

Purchases of available for-sale securities totaled \$63,738 in 2005 with sales totaling \$46,743. Purchases of held-to-maturity securities totaled \$27,800

in 2005 with proceeds from maturities totaling \$32,742. All held-to-maturity debt securities mature within one year and had aggregate fair values of \$14,862 at December 25, 2005.

Purchases of available for-sale securities totaled \$69,948 in 2004 with sales totaling \$53,244. Purchases of held-to-maturity securities totaled \$25,527 in 2004 with proceeds from maturities totaling \$5,626. All held-to-maturity debt securities mature within one year and had aggregate fair values of \$19,812 at December 26, 2004.

The fair value of available-for-sale investments in debt securities by contractual maturities at December 31, 2006, is as follows:

Maturity date	Fair Value
-----	-----
1-5 years	\$ 503
5-10 years	2,965
After 10 years	14,551
	-----
Total	\$ 18,019
	=====

(3) Property and Equipment

Property and equipment consisted of the following:

	December 31, 2006	December 25, 2005
	-----	-----
Construction in process	\$ 1,037	956
Leasehold improvements	77,794	64,535
Furniture, fixtures, and equipment	53,994	45,279
	-----	-----
Less accumulated depreciation	132,825 (54,688)	110,770 (42,077)
	-----	-----
	\$ 78,137	68,693
	=====	=====

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BUFFALO WILD WINGS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements  
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(4) Lease Commitments

The Company leases all of its restaurants and corporate offices under operating leases that have various expiration dates. In addition to base rents, leases typically require the Company to pay its share of maintenance and real estate taxes and certain leases include provisions for contingent rentals based upon sales.

Future minimum rental payments due under noncancelable operating leases for existing restaurants and commitments for restaurants under development as of December 31, 2006 are as follows:

Fiscal year ending:	Operating leases	Restaurants under development
2007	\$ 16,010	534
2008	15,335	1,056
2009	14,391	1,059
2010	13,380	1,063
2011	12,267	1,073
Thereafter	59,573	7,111
	-----	-----
Total future minimum lease payments	\$ 130,956	11,896
	=====	=====

In 2006, 2005, and 2004, the Company rented office space under operating leases which, in addition to the minimum lease payments, require payment of a proportionate share of the real estate taxes and building operating expenses. The Company also rents restaurant space under operating leases, some of which, in addition to the minimum lease payments and proportionate share of real estate and operating expenses, require payment of percentage rents based upon sales levels. Rent expense, excluding the Company's proportionate share of real estate taxes and building operating expenses, is as follows:

	Fiscal Years Ended		
	December 31, 2006	December 25, 2005	December 26, 2004
Minimum rents	\$ 14,600	11,702	8,653
Percentage rents	238	170	138
<b>Total</b>	<b>\$ 14,838</b>	<b>11,872</b>	<b>8,791</b>
Equipment and auto leases	\$ 273	218	211

(5) Income Taxes

Income tax expense (benefit) is comprised of the following:

	Fiscal Years Ended		
	December 31, 2006	December 25, 2005	December 26, 2004
<b>Current:</b>			
Federal	\$ 8,801	5,400	1,291
State	992	1,512	877
<b>Deferred:</b>			
Federal	(1,705)	(1,287)	1,710
State	(523)	(186)	237
<b>Total tax expense</b>	<b>\$ 7,565</b>	<b>5,439</b>	<b>4,115</b>

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BUFFALO WILD WINGS, INC. AND SUBSIDIARIES

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A reconciliation of the expected federal income taxes (benefits) at the statutory rate of 35% with the provision for income taxes is as follows:

	Fiscal Years Ended		
	December 31, 2006	December 25, 2005	December 26, 2004
Expected federal income tax expense	\$ 8,343	5,012	3,847
State income tax expense, net of federal effect	305	862	823
Nondeductible expenses	115	80	67
Tax exempt income	(602)	(350)	(115)
General business credits	(772)	(528)	(325)
Statutory rate changes, deferred tax impact	--	148	--
Other	176	215	(182)
	<b>\$ 7,565</b>	<b>5,439</b>	<b>4,115</b>

Deferred tax assets and liabilities are classified as current and noncurrent on the basis of the classification of the related asset or liability for financial reporting. Deferred income taxes are provided for temporary differences between the basis of assets and liabilities for financial reporting purposes and income tax purposes. Temporary differences comprising the net deferred tax assets and liabilities on the balance sheets are as follows:

	Fiscal Years Ended	
	December 31, 2006	December 25, 2005
<b>Deferred tax assets:</b>		
Unearned franchise fees	\$ 892	834
Accrued vacation	197	149
Accrued compensation	470	335
Deferred lease credits	1,029	896
Other	611	214

	\$ 3,199	2,428
Deferred tax liability:		
Depreciation	\$ 4,956	6,185
Prepaid expense	--	228
Total	\$ 4,956	6,413

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BUFFALO WILD WINGS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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(6) Stockholders' Equity

(a) Stock Options

We have 1.5 million shares of common stock reserved for issuance under a stock-based compensation plan for employees, officers, and directors. The option price for shares issued under this plan is to be not less than the fair market value on the date of grant with respect to incentive stock options, or 85% of fair market value for nonqualified stock options. Incentive stock options become exercisable in four equal installments from the date of the grant and have a contractual life of ten years. Nonqualified stock options issued pursuant to the plan have varying vesting periods from immediately to one year and have a contractual life of ten years. We issue new shares of common stock upon exercise of stock options. In 2003, the Company's shareholders approved amendments to the plan to allow the granting of restricted stock and extended the plan to 2013. Option activity is summarized as follows:

	Number of shares	Weighted average exercise price	Average remaining contractual life (years)	Aggregate Intrinsic Value
Outstanding, December 25, 2005	302,296	\$ 8.08		
Granted	--	--		
Exercised	(86,493)	6.88		
Cancelled	(5,310)	12.98		
Outstanding, December 31, 2006	210,493	\$ 8.45	3.9	\$ 9,419
Exercisable, December 31, 2006	198,048	7.63	3.7	9,024

The aggregate intrinsic value in the table above is before applicable income taxes, based on our closing stock price of \$53.20 as of December 31, 2006, which would have been received by the optionees had all options been exercised on that date. As of December 31, 2006, total unrecognized stock-based compensation expense related to nonvested stock options was approximately \$63, which is expected to be recognized over a weighted average period of approximately eight months. During 2006, 2005, and 2004, the total intrinsic value of stock options exercised was \$2,707, \$3,226, and \$5,130, respectively. During 2006, the total fair value of options vested was \$587.

The following table summarizes the Company's stock options outstanding at December 31, 2006:

Range	Options outstanding			Options exercisable	
	Shares	Average remaining contractual life (years)	Weighted average exercise price	Shares	Weighted average exercise price
\$ 3.35 - 4.15	89,277	2.09	\$ 3.87	89,277	\$ 3.87
5.00 - 11.25	88,235	4.66	8.96	88,235	8.96
12.75 - 28.25	31,631	6.56	18.86	20,233	18.09
34.81	1,350	8.00	34.81	303	34.81
	210,493	3.88	8.45	198,048	7.63

The plan has 423,308 shares available for grant as of December 31, 2006.

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BUFFALO WILD WINGS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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(b) Restricted Stock

We adopted a stock performance plan in June 2004, under which restricted stock units are granted annually at the discretion of the Board. These units are subject to annual vesting upon achieving performance targets established by the Board of Directors. We record compensation expense for the restricted stock units if vesting, based on the achievement of performance targets, is probable. The restricted stock units may vest one-third annually over a ten-year period as determined by meeting performance targets. However, the second third of the restricted stock units is not subject to vesting until the first one-third has vested and the final one-third is not subject to vesting until the first two-thirds of the award has vested. We issue new shares of common stock upon the disbursement of restricted stock units. Restricted stock activity is summarized for fiscal year 2006:

	Number of shares	Weighted average grant date fair value
	-----	-----
Outstanding, December 25, 2005	75,964	\$ 32.56
Granted	103,448	33.98
Vested	(83,948)	32.55
Cancelled	(11,358)	34.26
	-----	-----
Outstanding, December 31, 2006	84,106	34.19

As of December 31, 2006, the total stock-based compensation expense related to nonvested awards not yet recognized was \$2,720, which is expected to be recognized over a weighted average period of 1.4 years. During fiscal year 2006, the total fair value of shares vested was \$2,733. The weighted average grant date fair value of restricted stock units granted during 2005 and 2004 was \$34.83 and \$28.20, respectively.

(c) Warrants

In connection with various financing activities prior to 2000, the Company granted warrants to acquire an aggregate of 377,685 shares of the Company's common stock at an exercise price of \$2.50 to \$4.65 per share. During the year ended December 26, 2004, warrants to acquire 132,455 common shares were exercised. No warrants remained outstanding as of December 26, 2004.

(d) Employee Stock Purchase Plan

On September 4, 2003, the Company's board of directors adopted the 2003 Employee Stock Purchase Plan, which was approved by its shareholders on October 24, 2003. The Company has reserved 300,000 shares of common stock for issuance under the Plan. This Plan is available to substantially all employees subject to employment eligibility requirements. The Plan became effective upon the effective date of the Company's initial public offering (IPO). Participants may purchase the Company's common stock at 85% of the beginning or ending closing price, whichever is lower, for each six-month period ending in May and November. During 2006, 2005, and 2004, the Company issued 18,402, 21,238, and 28,453 shares, respectively, of common stock under the plan and has 231,907 available for future sale.

BUFFALO WILD WINGS, INC. AND SUBSIDIARIES

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(7) Earnings Per Common Share

The following is a reconciliation of basic and fully diluted earnings per common share for fiscal 2006, 2005, and 2004:

	Fiscal year ended December 31, 2006		
	Earnings	Shares	Per-share
	(numerator)	(denominator)	amount
	-----	-----	-----
Net earnings	\$	16,273	

Earnings per common share	16,273	8,578,328	\$ 1.90
Effect of dilutive securities--stock options and restricted stock	--	236,009	
Earnings per common share--assuming dilution	\$ 16,273	8,814,337	1.85
Fiscal year ended December 25, 2005			
	Earnings (numerator)	Shares (denominator)	Per-share amount
Net earnings	\$ 8,880		
Earnings per common share	8,880	8,446,200	\$ 1.05
Effect of dilutive securities--stock options and restricted stock	--	262,294	
Earnings per common share--assuming dilution	\$ 8,880	8,708,494	1.02
Fiscal year ended December 26, 2004			
	Earnings (numerator)	Shares (denominator)	Per-share amount
Net earnings	\$ 7,201		
Earnings per common share	7,201	8,165,078	\$ 0.88
Effect of dilutive securities--stock options, restricted stock and warrants	--	438,803	
Earnings per common share--assuming dilution	\$ 7,201	8,603,881	0.84

The following is a summary of those securities outstanding at the end of the respective periods, which have been excluded from the fully diluted calculations because the effect on net earnings per common share would not have been dilutive:

	December 31, 2006	December 25, 2005	December 26, 2004
Options	1,486	2,026	--
Restricted stock	84,106	75,964	52,426

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#### BUFFALO WILD WINGS, INC. AND SUBSIDIARIES

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#### (8) Supplemental Disclosures of Cash Flow Information

	Fiscal Years Ended		
	December 31, 2006	December 25, 2005	December 26, 2004
Cash paid during the period for:			
Income taxes	\$ 8,803	4,801	2,621
Noncash financing and investing transactions:			
Property and equipment not yet paid for	1,130	82	608
Tax withholding for restricted stock units	2,267	578	--
Adjustment of restricted stock units to fair value on grant date	2,568	--	--
Adjustment of restricted stock units to fair value	--	2,451	2,726
Capitalization of preopening rent expense	--	463	2,199

#### (9) Restaurant Impairment and Closures

In 2006, 2003 and 2002, the Company closed restaurants. As a result, a charge was taken for remaining lease obligations, broker fees, and utilities. These charges were recognized as a part of restaurant impairment and closures and were based on remaining lease obligations.

The reconciliation of the store closing reserve for the years ended December 31, 2006, December 25, 2005, and December 26, 2004 is as follows:

	As of December 25, 2005	2006 provision	Costs incurred	As of December 31, 2006
Remaining lease obligation and utilities	\$ --	54	--	54
	\$ --	54	--	54

	As of December 26, 2004	2005 provision	Costs incurred	As of December 25, 2005
Remaining lease obligation and utilities	\$ 136	--	(136)	--
	\$ 136	--	(136)	--

	As of December 28, 2003	2004 provision	Costs incurred	As of December 26, 2004
Remaining lease obligation and utilities	\$ 211	1	(76)	136
Broker fees	11	(11)	--	--
	\$ 222	(10)	(76)	136

During 2006, the Company recorded an impairment charge for the assets of one underperforming restaurant. An impairment charge of \$481 was recorded to the extent that the carrying amount of the assets was not considered recoverable based on estimated discounted future cash flows and the underlying fair value of the assets.

During 2005, the Company recorded an impairment charge for the assets of four underperforming restaurants. An impairment charge of \$1,268 was recorded to the extent that the carrying amount of the assets was not considered recoverable based on estimated discounted future cash flows and the underlying fair value of the assets.

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BUFFALO WILD WINGS, INC. AND SUBSIDIARIES

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During 2004, the Company recorded an impairment charge for the assets of two underperforming restaurants. An impairment charge of \$453 was recorded to the extent that the carrying amount of the assets was not considered recoverable based on estimated discounted future cash flows and the underlying fair value of the assets.

A summary of restaurant impairment and closures charges recognized by the Company is as follows:

	Fiscal Years Ended		
	December 31, 2006	December 25, 2005	December 26, 2004
Store closing charges	\$ 54	--	(10 )
Long-lived asset impairment	481	1,268	453
Goodwill impairment	--	390	--
Other asset write-offs	473	333	130
	\$ 1,008	1,991	573

(10) Employee Benefit Plan

The Company has a defined contribution 401(k) plan whereby eligible employees may contribute pretax wages in accordance with the provisions of the plan. In 2005, the Company amended the plan and matched 100% of the first 3% and 50% of the next 2% of contributions made by eligible employees. During 2004, the

Company matched 50% of the first 4% of contributions made by eligible employees. Matching contributions of approximately \$394, \$312, and \$128 were made by the Company during 2006, 2005, and 2004, respectively.

(11) Employment Agreements

The Company has entered into employment agreements with each of its executive officers. These agreements are for a one-year term and include an automatic extension for successive one-year terms. The agreements also include termination and resignation provisions, a confidentiality clause, a non-compete provision and a severance package that includes salary payments for either one year in the case of the Chief Executive Officer and Chief Financial Officer or six months in the case of Senior Vice Presidents, and a non-compete period of equal duration.

The Company's executive officers are entitled to receive an annual bonus upon the achievement of certain board-established performance milestones, including revenue, net income, restaurant openings, same-store sales, and employee turnover. Further, under the Company's Management Deferred Compensation Plan, an amount equal to a percentage of an officer's base salary is credited on a monthly basis to that officer's deferred compensation account. The maximum deferral is 7.5% of the base salary of each Vice President, 10% of the base salary of each Senior Vice President, and 12.5% of the base salary of Chief Executive Officer, Chief Financial Officer, and Executive Vice Presidents. Such amounts are subject to certain vesting provisions, depending on length of employment and circumstances of employment termination.

The employment agreements further provide that the Company shall pay its executive officers annual base salary, which will be reviewed not less than annually and may be increased or reduced; provided, (i) any reduction relating to the Chief Executive Officer or Chief Financial Officer will be permitted only if the Company reduces the base compensation of its executive employees generally and will not exceed the average percentage reduction for such employees; and (ii) with respect to the Company's other executive officers, any reduction will be permitted only if the Company reduces the base compensation of its employees generally and will not exceed the average percentage reduction for all such employees. In addition to the base salary, executive officers are entitled to participate in additional equity incentive plans and other employee benefit plans. Fiscal 2006 annual base salary commitments under employment agreements were \$1,437.

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BUFFALO WILD WINGS, INC. AND SUBSIDIARIES

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(12) Related Party Transactions

It is the Company's policy that all related party transactions must be disclosed and approved by the disinterested directors, and the terms and considerations for such related party transactions are compared and evaluated to terms available or the amounts that would have to be paid or received, as applicable, in arms-length transactions with independent third-parties.

The Company subleases a portion of its main offices to Carefree Capital Partners, Limited Partnership (Carefree) on a month-to-month lease on the same rental basis as the Company. A director of the Company is chairman and sole stockholder of Carefree.

A member of the board of directors is an officer and director at the Company's primary law firm. Legal fees incurred with this firm were less than 5% of the law firm's or the Company's total revenue in fiscal 2006, 2005, and 2004. The services provided by the law firm were at fair value.

(13) Contingencies

The Company is involved in various legal matters arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position and results of operations.

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

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

## Evaluation of Disclosure Controls and Procedures

We have established and maintain disclosure controls and procedures that are designed to ensure that material information relating to us and our subsidiaries required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure. We carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of the date of such evaluation.

## Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, our chief executive and chief financial officers and effected by our board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles and includes those policies and procedures that:

- o pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- o provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with the authorizations of our management and directors; and
- o provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

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

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2006. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework. Based on this assessment, our management concluded that our internal control over financial reporting was effective as of December 31, 2006. Our independent registered public accounting firm, KPMG LLP, has issued an audit report on management's assessment of our internal control over financial reporting. That report appears below.

## Change in Internal Control Over Financial Reporting

There were no changes in the our internal control over financial reporting that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders  
Buffalo Wild Wings, Inc.:

We have audited management's assessment, included in the accompanying report entitled "Management's Report on Internal Control Over Financial Reporting", that Buffalo Wild Wings, Inc. and subsidiaries (the Company) maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control -Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, management's assessment that Buffalo Wild Wings, Inc. and subsidiaries maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Buffalo Wild Wings, Inc. and subsidiaries as of December 31, 2006 and December 25, 2005, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the fiscal years in the three-year period ended December 31, 2006, and our report dated March 8, 2007 expressed an unqualified opinion on those consolidated financial statements. Our report stated the Company adopted Statement of Financial Accounting Standards No. 123R, "Share-Based Payment," on December 26, 2005.

/s/ KPMG LLP

Minneapolis, Minnesota  
March 8, 2007

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### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Additional information required by this item is contained in Item 1 of this document and the sections entitled "Election of Directors," "Compliance with Section 16(a) of the Exchange Act," and "Corporate Governance" appearing in the company's Proxy Statement to be delivered to shareholders in connection with the 2007 Annual Meeting of Shareholders. Such information is incorporated herein by reference.

Our Board of Directors has adopted a Code of Ethics & Business Conduct for all employees and directors. A copy of this document is available on our website at [www.buffalowildwings.com](http://www.buffalowildwings.com), free of charge, under the Investor Relations section. We will satisfy any disclosure requirements under Item 10 or Form 8-K regarding an amendment to, or waiver from, any provision of the Code with respect to our principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions by disclosing the nature of such amendment or waiver on our website or in a report on Form 8-K.

Our Board of Directors has determined that Mr. J. Oliver Maggard, a member of the audit committee and an independent director, is an audit committee

financial expert, as defined under 401(h) of Regulation S-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is contained in the section entitled "Executive Compensation" appearing in our Proxy Statement to be delivered to shareholders in connection with the 2007 Annual Meeting of Shareholders. Such information is incorporated herein by reference.

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

The information required by this item relating to the security ownership of certain holders is contained in the section entitled "Principal Shareholders and Management Shareholdings" and "Equity Compensation Plan Information" appearing in our Proxy Statement to be delivered to shareholders in connection with the 2007 Annual Meeting of Shareholders. Such information is incorporated herein by reference.

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

The information required by this item is contained in the sections entitled "Corporate Governance" and "Certain Transactions" appearing in our Proxy Statement to be delivered to shareholders in connection with the 2007 Annual Meeting of Shareholders. Such information is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is contained in the section entitled "Independent Registered Public Accounting Firm" appearing in our Proxy Statement to be delivered to shareholders in connection with the 2007 Annual Meeting of Shareholders. Such information is incorporated herein by reference.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements. The following consolidated financial statements of ours are filed with this report and can be found at Item 8 of this Form 10-K.

Report of Independent Registered Public Accounting Firm dated March 8, 2007

Consolidated Balance Sheets as of December 31, 2006 and December 25, 2005

Consolidated Statements of Earnings for the Years Ended December 31, 2006, December 25, 2005, and December 26, 2004

Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2006, December 25, 2005, and December 26, 2004

Consolidated Statements of Cash Flows for the Years Ended December 31, 2006, December 25, 2005, and December 26, 2004

Notes to Consolidated Financial Statements

(b) Financial Statement Schedules. The following schedule is included following the exhibits to this Form 10-K.

Schedule II - Valuation and Qualifying Accounts

Report of Independent Registered Public Accounting Firm on Financial Statement Schedule dated March 8, 2007

All other schedules for which provision is made in the applicable accounting regulations of the SEC have been omitted as not required or not applicable, or the information required has been included elsewhere by reference in the financial statements and related notes.

(c) Exhibits. See "Exhibit Index" following the signature page of this Form 10-K for a description of the documents that are filed as Exhibits to this report on Form 10-K or incorporated by reference herein.

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SIGNATURES

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

authorized.

Date: March 12, 2007

BUFFALO WILD WINGS, INC.

By /s/ SALLY J. SMITH  
-----  
Sally J. Smith  
Chief Executive Officer and President

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

Each person whose signature appears below constitutes and appoints Sally J. Smith and Mary J. Twinem as the undersigned's true and lawful attorneys-in-fact and agents, each acting alone, with full power of substitution and resubstitution, for the undersigned and in the undersigned's name, place and stead, in any and all amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granted unto said attorneys-in-fact and agents, each acting alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all said attorneys-in-fact and agents, each acting alone, or his substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

Name	Title	Date
/s/ SALLY J. SMITH ----- Sally J. Smith	Chief Executive Officer, President and Director (principal executive officer)	3/12/07
/s/ MARY J. TWINEM ----- Mary J. Twinem	Executive Vice President, Chief Financial Officer and Treasurer (principal financial and accounting officer)	3/12/07
/s/ DALE M. APPLEQUIST ----- Dale M. Applequist	Director	3/12/07
/s/ KENNETH H. DAHLBERG ----- Kenneth H. Dahlberg	Director, Chairman of the Board	3/12/07
/s/ JAMES M. DAMIAN ----- James M. Damian	Director	3/12/07
/s/ MICHAEL P. JOHNSON ----- Michael P. Johnson	Director	3/12/07
/s/ ROBERT W. MACDONALD ----- Robert W. MacDonald	Director	3/12/07
/s/ WARREN E. MACK ----- Warren E. Mack	Director	3/12/07
/s/ J. OLIVER MAGGARD ----- J. Oliver Maggard	Director	3/12/07

Wild Wings, Inc.:

Under the date of March 8, 2007 we reported on the consolidated balance sheets of Buffalo Wild Wings, Inc. and subsidiaries (the Company) as of December 31, 2006 and December 25, 2005 and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the fiscal years in the three-year period ended December 31, 2006, which is included herein. In connection with our audits of the aforementioned consolidated financial statements, we have also audited the related financial statement schedule as listed in the accompanying index. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standards No. 123R, "Share-Based Payment," on December 26, 2005.

/s/ KPMG LLP

Minneapolis, Minnesota  
March 8, 2007

Buffalo Wild Wings, Inc.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Description		Balance at Beginning of Period	Additions Charged to Costs and Expenses	Deductions From Reserves	Balance at End of Period
Allowance for doubtful accounts	2006	\$ 25	51	29	47
	2005	25	--	--	25
	2004	25	3	3	25
Store closing reserves	2006	--	54	--	54
	2005	136	--	136	--
	2004	222	(10)	76	136

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BUFFALO WILD WINGS, INC.  
EXHIBIT INDEX TO FORM 10-K

For the Fiscal Year Ended:  
December 31, 2006

Commission File No.  
000-24743

Exhibit Number	Description
3.1	Restated Articles of Incorporation (1)
3.2	Restated Bylaws, as Amended (incorporated by reference to Exhibit 3.1 to our current report on Form 8-K filed February 28, 2007)
4.1	Form of specimen certificate representing Buffalo Wild Wings, Inc.'s common stock (1)
10.1	2003 Equity Incentive Plan forms of stock option agreements (1)(2)
10.2	Employment Agreement, dated as of December 1, 1999 with Sally J. Smith (1)(2)
10.3	Employment Agreement, dated as of December 1, 1999 with Mary J. Twinem (1)(2)
10.4	Employment Agreement, dated as of December 1, 1999 with Kathleen M. Benning (formerly Alberga) (1)(2)

- 10.5 Employment Agreement, dated as of April 22, 2002 with James M. Schmidt (1) (2)
- 10.6 Employment Agreement, dated as of August 20, 2001 with Emil Lee Sanders (1) (2)
- 10.7 Employment Agreement, dated as of February 25, 2002 with Judith A. Shoulak (1) (2)
- 10.8 Employment Agreement, dated as of December 1, 1999, with Craig W. Donoghue (1) (2)
- 10.9 Form of 2005 Franchise Agreement (incorporated by reference to Exhibit 10.11 to our Form 10-K for the fiscal year ended December 25, 2005)
- 10.10 Form of 2005 Area Development Agreement (incorporated by reference to Exhibit 10.12 to our Form 10-K for the fiscal year ended December 25, 2005)
- 10.11 Employee Stock Purchase Plan and Amendment No. 1 (1) (2)
- 10.12 Amendment No. 1 to 2003 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to our Form 10-Q for the fiscal quarter ended June 27, 2004) (2)
- 10.13 Form of 2005 Restricted Stock Unit Award Notice to Directors and Employees used under the 2003 Equity Incentive Plan (incorporated by reference to Exhibit 10.16 to our Form 10-K for the fiscal year ended December 25, 2005) (2)
- 10.14 Director Compensation Arrangements as of December 1, 2005 (incorporated by reference to Exhibit 10.17 to our Form 10-K for the fiscal year ended December 25, 2005) (2)
- 10.15 2006 Executive Bonus Plan (incorporated by reference to Exhibit 10.18 to our Form 10-K for the fiscal year ended December 25, 2005) (2)
- 10.16 Compensation Arrangements For Executive Officers for Fiscal Year 2006 (incorporated by reference to Exhibit 10.19 to our Form 10-K for the fiscal year ended December 25, 2005) (2)
- 10.17 The Executive Nonqualified Excess Plan (incorporated by reference to Exhibit 10.1 to our Form 10-Q for the fiscal quarter ended September 24, 2006) (2)
- 10.18 The Executive Nonqualified Excess Plan Adoption Agreement (incorporated by reference to Exhibit 10.2 to our Form 10-Q for the fiscal quarter ended September 24, 2006) (2)

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- 10.19 2003 Equity Incentive Plan, as Amended Through February 16, 2006 (incorporated by reference to Exhibit 10.1 to our current report on Form 8-K filed May 17, 2006) (2)
- 10.20\* Form of Restricted Stock Unit Award Notice to Directors and Employees under the 2003 Equity Incentive Plan as of January 1, 2007 (2)
- 10.21 2007 Executive Bonus Plan (incorporated by reference to Exhibit 10.1 to our current report on Form 8-K filed December 13, 2006) (2)
- 10.22\* Director Compensation Arrangements as of January 1, 2007 (2)
- 10.23\* Executive Officer Compensation Arrangements for Fiscal Year 2007 (2)
- 10.24\* Employment Agreement, dated as of October 30, 2006, with Linda G. Traylor (2)
- 10.25\* Form of 2006 Franchise Agreement
- 10.26\* Form of 2006 Area Development Agreement
- 21.1 List of Subsidiaries (incorporated by reference to Exhibit 21.1 to our Form 10-K for the fiscal year ended December 26, 2004)
- 23.1\* Consent of KPMG LLP, Independent Registered Public Accounting Firm
- 24.1\* Power of Attorney (included on the signature page)
- 31.1\* Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2\* Certification of Chief Financial Officer Pursuant to Section 302 of

the Sarbanes-Oxley Act of 2002

32.1\* Certification of Chief Executive Officer Pursuant to Section 906 of  
the Sarbanes-Oxley Act of 2002

32.2\* Certification of Chief Financial Officer Pursuant to Section 906 of  
the Sarbanes-Oxley Act of 2002

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- \* Filed herewith.
- (1) Incorporated by reference to the corresponding exhibit numbers to our  
Registration Statement on Form S-1, Reg. No. 333-108695
- (2) Management agreement or compensatory plan or arrangement.

## NOTICE OF RESTRICTED STOCK UNIT AWARD

BUFFALO WILD WINGS, INC.  
2003 EQUITY INCENTIVE PLAN

THIS AWARD, made effective as of this 1st day of January, 2007, by and between Buffalo Wild Wings, Inc., a Minnesota corporation (the "Company"), and \_\_\_\_\_ ("Participant").

## W I T N E S S E T H:

WHEREAS, Participant on the date hereof is a key employee or officer of the Company or a Subsidiary of the Company; and

WHEREAS, the Company wishes to grant a restricted stock unit award to Participant for shares of the Company's Common Stock pursuant to the Company's 2003 Equity Incentive Plan (the "Plan"); and

WHEREAS, the Administrator of the Plan has authorized the grant of a restricted stock unit award to Participant;

NOW, THEREFORE, this award is hereby granted upon the following terms and conditions, which shall be binding upon the Company and Participant:

1. Grant of Restricted Stock Unit Award; Term. The Company hereby grants to Participant on the date set forth above a restricted stock unit award (the "Award") for \_\_\_ restricted stock units on the terms and conditions set forth herein. Each restricted stock unit shall entitle the Participant to receive one share of the Company's Common Stock. This Award shall expire at the end of fiscal year 2016, unless terminated earlier under the provisions of Paragraph 2 below.

## 2. Vesting of Restricted Stock Units.

a. General. The restricted stock units subject to this Award shall remain forfeitable until the date the risks of forfeiture lapse with respect to a percentage of such units (the "Vesting Date"). The Vesting Date shall be the last day of any fiscal year during the term of the Award in which the Company achieves its Annual Earnings Target (as defined herein). If, for any fiscal year ending on a Vesting Date, the Company achieves 95% of the earnings target as established by the Board of Directors for such fiscal year (each an "Annual Earnings Target"), the risks of forfeiture relating to 33-1/3% of the restricted stock units specified in Paragraph 1 shall lapse. The risks of forfeiture relating to the remaining restricted stock units shall continue to lapse in this manner until the risks of forfeiture relating to 100% of the restricted stock units specified in Paragraph 1 have lapsed.

b. Termination of Employment. Except as set forth herein, if the Participant's employment with the Company (or a Subsidiary of the Company) ceases at any time during the term of the Award, for any reason, including the Participant's voluntary resignation or retirement, this Award shall also terminate and all restricted stock units subject to this Award that remain subject to risks of forfeiture shall be forfeited by Participant; provided, however, that if the Administrator delays the vesting of any restricted stock units pursuant to Paragraph 4(m), the Participant shall not forfeit any such restricted stock units that otherwise would have vested pursuant to Paragraph 2(a) above prior to the termination of Participant's employment had such vesting not been so delayed. Further, if the Participant's employment ceases for any reason during the period between a Vesting Date and the Issuance Date (as defined in Paragraph 3 hereof), then such Participant shall also retain any restricted stock units which were no longer subject to risks of forfeiture as of such Vesting Date.

3. Issuance of Shares. On the date the Company files its 10-K for each fiscal year of the Award, the Company shall cause to be issued a stock certificate representing that number of shares of Common Stock which is equivalent to the percentage of restricted stock units for which the risks of forfeiture have lapsed, less any shares withheld for payment of taxes as provided in Paragraph 4(e) below, and shall deliver such certificate to Participant. Until the issuance of such shares, Participant shall not be entitled to vote the shares of Common Stock represented by such restricted stock units, shall not be entitled to receive dividends attributable to such shares of

Common Stock, and shall not have any other rights as a shareholder with respect to such shares.

4. General Provisions.

a. Employment. This Notice shall not confer on Participant any right with respect to continuance of employment by the Company or any of its Affiliates, nor will it interfere in any way with the right of the Company to terminate such employment. Nothing in this Notice shall be construed as creating an employment contract for any specified term between Participant and the Company or any Affiliate.

b. Securities Law Compliance. Participant shall not transfer or otherwise dispose of the shares of Common Stock received pursuant to this Award until such time as counsel to the Company shall have determined that such transfer or other disposition will not violate any state or federal securities laws. The Participant may be required by the Company, as a condition of the effectiveness of this restricted stock unit award, to agree in writing that all Common Stock subject to this Award shall be held, until such time that such Common Stock is registered and freely tradable under applicable state and federal securities laws, for Participant's own account without a view to any further distribution thereof, that the certificates for such shares shall bear an appropriate legend to that effect and that such shares will be not transferred or disposed of except in compliance with applicable state and federal securities laws.

c. Mergers, Recapitalizations, Stock Splits, Etc. Pursuant and subject to Section 12 of the Plan, certain changes in the number or character of the Common Stock of the Company (through merger, consolidation, exchange, reorganization, divestiture (including a spin-off), liquidation, recapitalization, stock split, stock dividend or otherwise) shall result in an adjustment, reduction or enlargement, as appropriate, in Participant's rights with respect to any restricted stock units subject to this Award which continue to be subject to risks of forfeiture (i.e., Participant shall have such "anti-dilution" rights under the Award with respect to such events, but shall not have "preemptive" rights).

d. Shares Reserved. The Company shall at all times during the term of this Award reserve and keep available such number of shares as will be sufficient to satisfy the requirements of this Award.

e. Withholding Taxes. In order to permit the Company to comply with all applicable federal or state income tax laws or regulations, the Company may take such action as it deems appropriate to insure that, if necessary, all applicable federal or state payroll, income or other taxes attributable to this Award are withheld from any amounts payable by the Company to the Participant. The Company may, solely at its option, require the Participant to satisfy such obligations, in whole or in part, by delivering shares of Common Stock received pursuant to this Award on which the risks of forfeiture have lapsed. If the Company is unable to withhold such federal and state taxes, for whatever reason, the Participant hereby agrees to pay to the Company an amount equal to the amount the Company would otherwise be required to withhold under federal or state law. In addition, the Company may, solely at its option, permit the Participant to satisfy such withholding taxes by delivery of Common Stock as permitted by Section 17(d) of the Plan. In no event may the Participant require the Company to accept delivery of any shares of Stock to satisfy such withholding taxes.

f. 2003 Equity Incentive Plan. The Award evidenced by this Notice is granted pursuant to the Plan, a copy of which Plan has been made available to Participant and is hereby incorporated into this Notice. This Notice is subject to and in all respects limited and conditioned as provided in the Plan. The Plan governs this Notice and, in the event of any questions as to the construction of this Notice or in the event of a conflict between the Plan and this Notice, the Plan shall govern, except as the Plan otherwise provides.

g. Lockup Period Limitation. Participant agrees that in the event the Company advises Participant that it plans an underwritten public offering of its Common Stock in compliance with the Securities Act of 1933, as amended, and that the underwriter(s) seek to impose restrictions under which certain shareholders may not sell or contract to sell or grant any option to buy

or otherwise dispose of part or all of their stock purchase rights of the underlying Common Stock, Participant hereby agrees that for a period not to exceed 180 days from the prospectus, Participant will not sell or contract to sell or grant an option to buy or otherwise dispose of this Notice or any of the underlying shares of Common Stock without the prior written consent of the underwriter(s) or its representative(s).

h. Blue Sky Limitation. Notwithstanding anything in this Notice to the contrary, in the event the Company makes any public offering of its securities and determines, in its sole discretion, that it is necessary to reduce the number of issued but unvested restricted stock units so as to comply with any state securities or Blue Sky law limitations with respect thereto, the Board of Directors of the Company shall remove the risks of forfeiture of this restricted stock unit award, provided that the Company gives Participant 15 days' prior written notice of such acceleration. Notice shall be deemed given when delivered personally or when deposited in the United States mail, first class postage prepaid and addressed to Participant at the address of Participant on file with the Company.

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i. Accounting Compliance. Participant agrees that, if a merger, reorganization, liquidation or other "transaction" as defined in Section 12 of the Plan occurs, and Participant is an "affiliate" of the Company or any subsidiary (as defined in applicable legal and accounting principles) at the time of such transaction, Participant will comply with all requirements of Rule 145 of the Securities Act of 1933, as amended, and the requirements of such other legal or accounting principles, and will execute any documents necessary to ensure such compliance.

j. Stock Legend. The Administrator may require that the certificates for any shares of Common Stock purchased by Participant (or, in the case of death, Participant's successors) shall bear an appropriate legend to reflect the restrictions of Paragraph 4(b) and Paragraphs 4(g) through 4(j) of this Notice; provided, however, that failure to so endorse any of such certificates shall not render invalid or inapplicable Paragraph 4(j).

k. Scope of Notice. This Notice shall bind and inure to the benefit of the Company, its Affiliates and their successors and assigns, and shall bind and inure to the benefit of Participant and any successor or successors of Participant permitted herein. This Award is expressly subject to all terms and conditions contained in the Plan and in this Notice, and Participant shall comply with all such terms and conditions.

l. Arbitration. Any dispute arising out of or relating to this Notice or the alleged breach of it, or the making of this Notice, including claims of fraud in the inducement, shall be discussed between the disputing parties in a good faith effort to arrive at a mutual settlement of any such controversy. If, notwithstanding, such dispute cannot be resolved, such dispute shall be settled by binding arbitration. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitrator shall be a retired state or federal judge or an attorney who has practiced securities or business litigation for at least 10 years. If the parties cannot agree on an arbitrator within 20 days, any party may request that the chief judge of the District Court of Hennepin County, Minnesota, select an arbitrator. Arbitration will be conducted pursuant to the provisions of this Notice, and the commercial arbitration rules of the American Arbitration Association, unless such rules are inconsistent with the provisions of this Notice. Limited civil discovery shall be permitted for the production of documents and taking of depositions. Unresolved discovery disputes may be brought to the attention of the arbitrator who may dispose of such dispute. The arbitrator shall have the authority to award any remedy or relief that a court of this state could order or grant; provided, however, that punitive or exemplary damages shall not be awarded. The arbitrator may award to the prevailing party, if any, as determined by the arbitrator, all of its costs and fees, including the arbitrator's fees, administrative fees, travel expenses, out-of-pocket expenses and reasonable attorneys' fees. Unless otherwise agreed by the parties, the place of any arbitration proceedings shall be Hennepin County, Minnesota.

m. Delay in Issuance. In the event the Administrator reasonably anticipates that the Company's income tax deduction with respect to the vesting and issuance of any shares of Stock required by this Agreement would

be limited or eliminated by Code Section 162(m), the Administrator may, subject to such terms and conditions as determined by the Administrator, delay the vesting and issuance of all or a portion of such shares of Stock until the earlier of (i) the date at which the Administrator reasonably anticipates that the corresponding income tax deduction will not be so limited or eliminated, and (ii) the calendar year of the Participant's separation from service, as such term is defined in Code Section 409A and the regulations, notices and other guidance of general applicability issued thereunder. In the event of such delay, this Award shall not terminate until the delayed vesting and issuance of such shares of Stock has occurred.

n. Delay in Payment for Specified Employee. In the event this Award is subject to Code Section 409A and the Administrator determines that the Participant is a "specified employee" within the meaning of Code Section 409A, then the issuance of any shares of Stock due to the Participant's separation from service (as defined in Code Section 409A) shall not be issued earlier than the date that is six months after such separation from service, but shall be issued during the calendar year following the year in which the Participant's separation from service occurs and within thirty (30) days after the earliest possible date permitted under Code Section 409A.

BUFFALO WILD WINGS, INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

## BUFFALO WILD WINGS, INC.

Director Compensation Arrangements  
As of January 1, 2007

Effective as of January 1, 2007, the compensation for the directors who are not our employees was determined to be as follows:

Board Members (all):	
Cash	\$20,000 per year, payable quarterly
Restricted Stock Units*:	\$20,000 in value
Restricted Stock Units**:	1,000 shares
Audit Committee Non-chair Members:	\$8,000 per year, payable quarterly
Compensation Committee Non-chair Members:	\$8,000 per year, payable quarterly
Governance/Nominating Committee Non-chair Members:	\$8,000 per year, payable quarterly
Executive Committee Non-chair Members:	\$4,000 per year, payable quarterly
Board Chair:	\$5,000 per year, payable quarterly
Audit Committee Chair:	\$16,000 per year, payable quarterly
Compensation Committee Chair:	\$16,000 per year, payable quarterly
Governance/Nominating Committee Chair:	\$10,000 per year, payable quarterly
Executive Committee Chair:	\$5,000 per year, payable quarterly

\*Annual grant of restricted stock units to be granted as of the first day of each fiscal year, with the number of units to be granted determined by dividing \$20,000 by the closing price at fiscal year end. These units vest to the extent of 33-1/3% on the last day of each fiscal year, and the risks of forfeiture lapse as to such increment, if we achieve 95% of our earnings target established by our Board of Directors.

\*\*Annual grant of immediately-vested 1,000 restricted stock units to be granted as of the first day of each fiscal year.

EXECUTIVE OFFICER COMPENSATION ARRANGEMENTS  
FOR FISCAL YEAR 2005

The Buffalo Wild Wings, Inc. Compensation Committee set the 2007 fiscal year base salaries and restricted stock unit grants for the executive officers. In addition, the executive officers participate in our 401(k) plan and medical and disability plans, as well as other compensatory plans, contracts and arrangements which are filed as exhibits to our Form 10-K for the year ended December 31, 2006.

Executive Officer and Title	2007 Annual Base Salary	2007 Restricted Stock Units*
Sally J. Smith Chief Executive Officer and President	\$500,000	9,398
Mary J. Twinem Executive Vice President, Chief Financial Officer and Treasurer	\$315,000	5,921
James M. Schmidt Executive Vice President and General Counsel	\$235,000	4,417
Judith A. Shoulak Senior Vice President, Operations	\$255,000	3,835
Kathleen M. Benning Senior Vice President, Marketing and Brand Development	\$224,000	3,368
Emil Lee Sanders Senior Vice President, Development and Franchising	\$218,000	3,233
Craig W. Donoghue Senior Vice President, Information Systems	\$197,000	2,962
Linda G. Traylor Senior Vice President, Human Resources	\$225,000	3,383

\*These restricted stock units were granted as of January 1, 2007 and vest to the extent of 33-1/3% on the last day of each fiscal year, and the risks of forfeiture lapse as to such increment if the Company achieves 95% of the earnings target established by the Board of Directors.

EXECUTIVE EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is hereby entered into between Buffalo Wild Wings, Incorporated, a Minnesota corporation (the "Company") and Linda G. Traylor ("Executive").

PREAMBLE

Executive has been employed as Senior Vice President, Human Resources of Buffalo Wild Wings, Inc., since October 30, 2006. The Company desires to continue to have the benefit of Executive's experience and loyalty, and Executive desires to provide services on the terms and conditions set forth below.

AGREEMENT

1. Definitions.

The following capitalized terms used in this Agreement shall be defined as follows:

Agreement shall mean this Agreement between the Company and Executive.

Base Salary shall mean the annual base salary payable to Executive pursuant to Section 4(a) hereof.

Board shall mean the Board of Directors of the Company.

Cause shall mean termination of the Executive's employment with the Company by the President because of (1) gross misconduct, dishonesty or disloyalty; (2) willful and material breach of this Agreement by Executive; or (3) conviction or entry of a plea of guilty or nolo contendere to any felony or to any misdemeanor involving fraud, misrepresentation or theft.

Code shall mean the Internal Revenue Code of 1986, as amended from time to time.

Company shall mean Buffalo Wild Wings, Incorporated, a Minnesota corporation, any subsidiaries thereof, and any Successors or assigns.

Company Business means the operation, management and franchising of sports-themed grill and bar restaurants, including but not limited to food production and development, sports-themed grill and bar restaurant and franchise marketing, management operations and any Confidential Information the Company either uses or intends to use in the operation, management or franchising of such restaurants, or any other business either conducted by the Company or that the Company is contemplating conducting as of the Date of Termination.

Competitive Business means any business which operates, manages or franchises other sports-themed grill and bar restaurant businesses or any other business either conducted by the Company or that the Company is contemplating conducting as of the Date of Termination.

Confidential Information means any information or compilation of information that Executive learns or develops during the course of employment with the Company that derives independent economic value from not being generally known, or readily ascertainable by proper means, by other persons who can obtain economic value from its disclosure or use. It includes but is not limited to trade secrets, inventions, discoveries, and may relate to such matters as manufacturing processes, management systems and techniques and sales and marketing plans and information.

Good Reason shall mean (1) a substantial reduction in the nature or status of Executive's responsibilities hereunder; (2) a reduction by the Company in the Base Salary of Executive except to the extent permitted by this Agreement; (3) failure by the Company to allow Executive to participate to the full extent in all plans, programs or benefits in accordance with this Agreement; and (4) relocation of Executive's principal office more than 20 miles from its current location. Notwithstanding the foregoing, "Good Reason" shall be deemed to occur only if such event enumerated in (1) through (4) above has not

been corrected by the Company within two weeks of receipt of notice from Executive of the occurrence of such event, which notice shall specifically describe such event.

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Term shall mean the term of Executive's employment under Section 3 hereof.

Permanently Disabled shall mean permanently disabled in accordance with the disability policy (as defined by the Company's Long-Term Disability Insurance Plan) of the Company as in effect on the date of this Agreement and as evaluated by sufficient documentation including doctors' statements, etc. as requested by the Company.

Person shall mean an individual, partnership, corporation, estate or trust or other entity.

President shall mean the individual designated as such by the Board of Directors.

Successor shall mean any entity acquiring substantially all of the assets of the Company or a corporation into which the Company is merged or with which it is consolidated.

## 2. Employment and Duties.

(a) General. The Company hereby agrees to employ Executive as its Senior Vice President, Human Resources upon the terms and conditions set forth in this Agreement and Executive agrees to serve as the Senior Vice President, Human Resources of the Company. Executive shall perform the duties and assume the responsibilities and obligations contemplated by this position and shall perform such other duties and undertake such other responsibilities and obligations, consistent with this position, as the President shall determine from time to time.

(b) Exclusive Services. The Executive shall (i) devote Executive's full business time and attention and best efforts to the business and affairs of the Company, (ii) use Executive's best efforts to promote and further the interests of the Company, (iii) faithfully and diligently perform Executive's responsibilities and duties hereunder; and (iv) act in a competent and professional manner which reflects positively upon the Company.

(c) No Other Employment. Throughout the Term, Executive shall not, directly or indirectly, render services to any other person or organization for which the Executive receives compensation (excluding volunteer services and reasonable compensation involved in serving as a director on any board of directors) without the consent of the President or otherwise engage in activities which would interfere significantly with the performance of Executive's duties hereunder.

## 3. Term of Employment.

(a) Commencement. The term of this Agreement shall be effective as of October 30, 2006 and may not be terminated except as expressly provided herein.

(b) Term. Unless extended by mutual consent or as provided in Section 3(c) below, this Agreement shall terminate on the first (1st) anniversary of the Effective Date (such one-year period being hereinafter referred to as the "Term").

(c) Automatic Extension. Following the initial expiration date of the Term, this Agreement shall be deemed extended from year to year ("Extension Year") unless, no later than three (3) months prior to the end of the Term (or any Extension Year), the Company or the Executive shall have notified the other party in writing that the Company or the Executive does not elect to extend the Term (or any Extension Year) past its then expiration date, or if the Executive's employment is terminated for whatever reason.

4. Compensation and Other Benefits. Subject to the provisions of this Agreement, the Company shall pay and provide the following compensation and other benefits to Executive during the Term as compensation for services rendered hereunder.

(a) Base Salary. The Company shall pay to Executive a Base Salary per annum, payable in accordance with the Company's standard payroll practices. The Company shall be entitled to deduct or withhold all taxes and charges which the Company may be required to deduct or withhold therefrom. The Base Salary will be reviewed not less than annually by the President and may be increased or reduced; provided, however, that any reduction shall be permitted only if the Company then reduces the base compensation of its executive employees generally and shall not exceed the average percentage reduction for all such executive employees.

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(b) Other Plans. The Executive shall be entitled to participate in additional Company stock option plans or other equity plans or programs, if any, in which executives of the Company are eligible to participate generally as may be determined by the Board of Directors.

(c) Employee Benefit Plans. At all times during the Term, Executive shall, unless prohibited by the Code or other applicable law, be eligible to participate in pension and welfare plans and programs of the Company for employees, currently existing or subsequently adopted, including the following:

- (i) all qualified benefit plans and programs (e.g. defined contribution, supplemental retirement and Section 401(k) plans, long-term disability and life insurance plans and programs);
- (ii) all hospitalization and medical plans and programs;
- (iii) all retirement plans and programs (with the exception of the Company's retirement life insurance plan); and
- (iv) all deferred compensation programs.

5. Termination of Employment for Cause; Resignation; and Termination Caused by Death or Permanent Disability.

(a) Compensation and Benefits. If Executive's employment is terminated by the Company for Cause, if Executive resigns from employment hereunder, or if Executive's employment is terminated as a result of death or Permanent Disability, then Executive shall not be eligible to receive any compensation or benefits, or to participate in any plans or programs under Section 4 hereof with respect to future periods after the date of such termination or resignation except for the right to receive benefits under any plan or program, to the extent vested, in accordance with the terms of such plan or program and except for benefits provided in accordance with customary practices of the Company at Executive's expense (e.g., hospitalization and medical insurance).

(b) Date of Termination. The date of termination of Executive's employment by the Company under this Section 5 shall be effective immediately after written notice of termination, on the date of Executive's death, or on the date Executive becomes Permanently Disabled. The date of resignation by Executive under this Section 5 shall be one (1) month after receipt by the Company of written notice of resignation, unless the Company agrees to a lesser period.

6. Termination of Employment Without Cause; Resignation for Good Reason; and Failure to Extend Employment Agreement.

(a) Compensation and Benefits. If Executive's employment is terminated by the Company without Cause, if Executive resigns for Good Reason, or if the Company fails to extend this Agreement, Executive shall be entitled to receive from the Company an amount equal to half of Executive's Base Salary, payable during the six months following the date of termination in accordance with the Company's standard payroll practices. The Company shall be entitled to deduct or withhold all taxes and charges which the Company may be required to deduct or withhold therefrom.

(b) Date of Termination. The date of termination of Executive's employment by the Company under this Section 6 shall be one (1) month after receipt by Executive of written notice of termination, written notice of resignation based on Good Reason, or three (3) months after receipt by Executive

of written notice that the Company will not extend this Agreement.

7. Confidential Information. Executive agrees not to directly or indirectly use or disclose Confidential Information for the benefit of anyone other than the Company, either during or after employment, for as long as the information retains the characteristics of Confidential Information described in Section 1 above.

8. Return of Documents and Property. All documents and tangible items provided to Executive by the Company, or possessed by or created by Executive for use in connection with Executive's employment, are the property of the Company and shall be promptly returned to the Company on termination of employment together with all copies, recordings, abstracts, notes or reproductions of any kind made from or about the documents and tangible items or the information they contain.

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9. Noncompetition. In consideration of Executive's rights under this Agreement, including without limitation Section 6 hereof, Executive agrees that, from and after the Effective Date and continuing until the six-month anniversary of termination or cessation of Executive's employment with the Company, Executive will not, individually or in any capacity with another legal entity:

- (i) directly or indirectly, own any interest in, control, be employed by or associated with, or render services to, any person, entity, or subsidiary, subdivision, division, or joint venture of such entity in connection with a Competitive Business within fifteen (15) miles of any Company Business or within fifteen (15) miles of any location in which the Company intends to actively operate a Company Business (excepting passive holdings for investment purposes of not more than one percent (1%) of the securities of any company);
- (ii) directly or indirectly, solicit any of the Company's present or future employees for the purpose of hiring them or inducing them to leave their employment with the Company;
- (iii) directly or indirectly, solicit, attempt to solicit, interfere, or attempt to interfere with the Company's relationship with its customers or potential customers, suppliers, or franchisees on behalf of Executive or any other person or entity engaged in a Competitive Business.

10. Breach of the Noncompetition or Confidentiality Provisions of this Agreement. In addition to any other relief or remedies afforded by law or in equity, if Executive breaches Sections 8 or 10 of this Agreement, Executive agrees that the Company shall be entitled, as a matter of right, to injunctive relief in any court of competent jurisdiction plus reasonable attorneys' fees for securing such relief. Executive recognizes and hereby admits that irreparable damage will result to the Company if he violates or threatens to violate the terms of Sections 8 or 10 of this Agreement. This Section 11 shall not preclude the granting of any other appropriate relief including, without limitation, money damages against Executive for breach of Sections 8 or 10 of this Agreement.

11. Effect of Other Obligations. It is intended that the obligation of the parties to perform the terms of this Agreement is unconditional and does not depend on the performance or non-performance of any terms, duties or obligations not specifically recited in this Agreement.

12. Binding Agreement. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto, any Successor to or assigns of the Company, and Executive's heirs and the personal representative of Executive's estate.

13. Severability. If the final determination of a court of competent jurisdiction declares, after the expiration of the time within which judicial review (if permitted) of such determination may be perfected, that any term or provision hereof is invalid or unenforceable, (a) the remaining terms and

provisions hereof shall be unimpaired, and (b) the invalid or unenforceable term or provision shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision.

14. Amendment; Waiver. This Agreement may not be modified, amended or waived in any manner except by an instrument in writing signed by both parties hereto. The waiver by either party of compliance with any provision of this Agreement by the other party shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

15. Governing Law. All matters affecting this Agreement, including the validity thereof, are to be governed by, interpreted and construed in accordance with the laws of the State of Minnesota.

16. Notices. Any notice hereunder by either party to the other shall be given in writing by personal delivery or certified mail, return receipt requested. If addressed to Executive, the notice shall be delivered or mailed to Executive at the address specified under Executive's signature hereto, or if addressed to the Company, the notice shall be delivered or mailed to the Company at its executive offices to the attention of the President of the Company. A notice shall be deemed given, if by personal delivery, on the date of such delivery or, if by certified mail, on the date shown on the applicable return receipt.

17. Supersedes Previous Agreements. This Agreement supersedes all prior or contemporaneous negotiations, commitments, agreements and writings with respect to the subject matter hereof, all such other negotiations, commitments, agreements and writings will have no further force or effect, and the parties to any such other negotiation, commitment, agreement or writing will have no further rights or obligations thereunder.

18. Headings; Construction. The headings of Sections and paragraphs herein are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement. This Agreement shall be construed without regard to any presumption or other rule requiring construction hereof against the party causing this Agreement to be drafted.

19. Benefit. Nothing in this Agreement, express or implied, is intended to confer on any person other than the parties hereto or their respective successors or assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by its President pursuant to the authority of its Board, and Executive has executed this Agreement, effective as of October 30, 2006.

EXECUTIVE:

/s/ LINDA G. TRAYLOR

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Address

THE COMPANY:

BUFFALO WILD WINGS, INCORPORATED

/s/ SALLY J. SMITH

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Sally J. Smith, President



BUFFALO WILD WINGS (R) FRANCHISE AGREEMENT

BETWEEN

BUFFALO WILD WINGS INTERNATIONAL, INC.  
1600 UTICA AVENUE, SUITE 700  
MINNEAPOLIS, MN 55416

AND

\_\_\_\_\_

NAME OF FRANCHISEE(S)

STREET ADDRESS

CITY STATE ZIP CODE

PHONE NUMBER

AUTHORIZED LOCATION:

STREET

CITY STATE ZIP CODE

EFFECTIVE DATE:

(To be completed by us)

CONFIDENTIAL  
(C) 2006 Buffalo Wild Wings International, Inc.

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APPENDICES

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BUFFALO WILD WINGS(R) FRANCHISE AGREEMENT

This Franchise Agreement is made this \_\_\_\_ day of \_\_\_\_\_, 200\_ between BUFFALO WILD WINGS INTERNATIONAL, INC., an Ohio corporation with its principal business located at 1600 Utica Avenue South, Suite 700, Minneapolis, Minnesota 55416 ("we" or "us"), and \_\_\_\_\_, a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_ ("franchisee" or "you"). If the franchisee is a corporation, partnership, limited liability company or other legal entity, certain provisions to this Agreement also apply to its owners.

RECITALS

A. Our parent company has developed a unique system for video entertainment oriented, fast casual restaurants that feature chicken wings, sandwiches, unique food service and other products, beverages and services using certain standards and specifications;

B. Many of the food and beverage products are prepared according to specified recipes and procedures, some of which include proprietary sauces and mixes.

C. Our parent company owns the BUFFALO WILD WINGS(R) Trademark and other trademarks used in connection with the operation of a BUFFALO WILD WINGS restaurant;

D. Our parent company has granted to us the right to sublicense the right to develop and operate BUFFALO WILD WINGS restaurants; and

E. You desire to develop and operate a BUFFALO WILD WINGS restaurant and we, in reliance on your representations, have approved your franchise application.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

DEFINITIONS

1. For purposes of this Agreement, the terms below have the following definitions:

A. "Control Person" means the individual who has the authority to, and does in fact, actively direct your business affairs in regard to the Restaurant, is responsible for overseeing the general management of the day-to-day operations of the Restaurant and has authority to sign on your behalf on all contracts and commercial documents. The Control Person is identified on the Ownership and Management Addendum

attached to this Agreement.

B. "Gross Sales" includes the total revenues and receipts from the sale of all products, services and merchandise sold in your Restaurant whether under any of the Trademarks or otherwise, including any cover charges or fees, vending or similar activities in your Restaurant or on its premises as well as all license and use fees. Gross Sales excludes sales taxes.

C. "Menu Items" means the chicken wings, sandwiches and other products and beverages prepared according to our specified recipes and procedures, as we may modify and change them from time to time.

D. "Principal Owner" means any person or entity who, now or hereafter, directly or indirectly owns a 10% or greater interest in the franchisee when the franchisee is a corporation, limited liability company, partnership, or a similar entity. However, if we are entering into this Agreement totally or partially based on the financial qualifications, experience, skills or managerial qualifications of any person or entity who directly or indirectly owns less than a 10% interest in the franchisee, we have the right to designate that person or entity as a Principal Owner for all purposes under this Agreement. In addition, if the franchisee is a partnership entity, then each person or entity who, now or hereafter is or becomes a general partner is a Principal Owner, regardless of the percentage ownership interest. If the franchisee is one or more individuals, each individual is a Principal Owner of the franchisee. Each franchisee must have at least one Principal Owner. Your Principal Owner(s) are identified on the Ownership and Management Addendum attached to this Agreement. Every time there is a change in the persons who are your Principal Owners, you must, within 10 days from the date of each such change, update the Ownership and Management Addendum. As used in this Agreement, any reference to Principal Owner includes all Principal Owners.

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E. "Restaurant" means the BUFFALO WILD WINGS Restaurant you develop and operate pursuant to this Agreement.

F. "System" means the BUFFALO WILD WINGS System, which consists of distinctive food and beverage products prepared according to special and confidential recipes and formulas with unique storage, preparation, service and delivery procedures and techniques, offered in a setting of distinctive exterior and interior layout, design and color scheme, signage, furnishings and materials and using certain distinctive types of facilities, equipment, supplies, ingredients, business techniques, methods and procedures together with sales promotion programs, all of which we may modify and change from time to time.

G. "Trademarks" means the BUFFALO WILD WINGS Trademark and Service Mark that have been registered in the United States and elsewhere and the trademarks, service marks and trade names set forth on Appendix A, as we may modify and change from time to time, and the trade dress and other commercial symbols used in the Restaurant. Trade dress includes the designs, color schemes and image we authorize you to use in the operation of the Restaurant from time to time.

H. "Unit General Manager" means the individual who (i) personally invests his or her full time and attention and devotes his or her best efforts to the on-premises general management of the day-to-day operations of the Restaurant, (ii) meets our prior restaurant or retail management experience requirements, and (iii) does not participate in the active operation or management of any business other than the Restaurant. The Unit General Manager must be appointed at least 60 days prior to the Restaurant opening, fully trained 20 days prior to the Restaurant opening and is or will be identified on the Ownership and Management Addendum attached to this Agreement.

#### GRANT OF LICENSE

2. The following provisions control with respect to the license granted hereunder:

A. Authorized Location. We grant to you the right and license to establish and operate a retail Restaurant identified by the BUFFALO WILD WINGS Trademarks or such other marks as we may direct, to be located at a location

\_\_\_\_\_ or a location to be designated within 90 days from the date of this Agreement (the "Authorized Location"). When a location has been designated by you and approved by us, it will become part of this subparagraph 2.A as if originally stated. If an Authorized Location is not designated by you and approved by us within 90 days from the date of this Agreement, we have the right to declare this Agreement null and void without the return of any Initial Franchise Fee or other amounts paid to us. You accept the license and undertake the obligation to operate the Restaurant at the Authorized Location using the Trademarks and the System in compliance with the terms and conditions of this Agreement.

B. Designated Area. You must locate and operate the Restaurant at an Authorized Location within the area described in Appendix B (the "Designated Area"). We and our affiliates will not locate and operate or grant to anyone else a franchise to locate and operate a BUFFALO WILD WINGS restaurant within the Designated Area so long as this Agreement is in effect, except as provided in subparagraph 2.D. You do not have any right to sublicense or subfranchise within or outside of the Designated Area and do not have the right to operate more than one Restaurant within the Designated Area.

C. Opening. You agree that the Restaurant will be open and operating in accordance with the requirements of subparagraph 5.A within (i) 270 days from the date of this Agreement if the Restaurant is located within an end cap, shopping mall, Special Site or other similar location, or (ii) 365 days from the date of this Agreement if the Restaurant is a free-standing building, unless in either case we authorize in writing an extension of time. Notwithstanding the foregoing, if you are entering this Agreement pursuant to an Area Development Agreement executed between you and us, you agree to open the Restaurant by the date stated in the Area Development Agreement. If you fail to have your Restaurant open and in operation according to the provisions of this subparagraph 2.C, we will have the right to terminate this Agreement without opportunity to cure pursuant to subparagraph 13.B.2.

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D. Nonexclusivity; Our Reservation of Rights. The license is limited to the right to develop and operate one Restaurant at the Authorized Location located in the Designated Area, and does not include (i) any right to sell products and Menu Items identified by the Trademarks at any location other than the Authorized Location, except for authorized catering and delivery services as noted in subparagraph 2.E, or through any other channels or methods of distribution, including the internet (or any other existing or future form of electronic commerce), (ii) any right to sell products and Menu Items identified by the Trademarks to any person or entity for resale or further distribution, or (iii) any right to exclude, control or impose conditions on our development of future franchised, company or affiliate owned restaurants at any time or at any location. You acknowledge that the consumer service area or trade area of another BUFFALO WILD WINGS restaurant may overlap with your Designated Area.

You also acknowledge and agree that we and our affiliates have the right to operate and franchise others the right to operate restaurants or any other business within and outside the Designated Area under trademarks other than the BUFFALO WILD WINGS Trademarks, without compensation to any franchisee, except that our operation of, or association or affiliation with, restaurants (through franchising or otherwise) in the Designated Area that compete with BUFFALO WILD WINGS restaurants in the video entertainment oriented, fast casual restaurant segment will only occur through some form of merger or acquisition with an existing restaurant chain (except as otherwise provided for in this subparagraph). Outside of the Designated Area, we and our affiliates have the right to grant other franchises or develop and operate company or affiliate owned BUFFALO WILD WINGS restaurants and offer, sell or distribute any products or services associated with the System (now or

in the future) under the Trademarks or any other trademarks, service marks or trade names or through any distribution channel or method, all without compensation to any franchisee.

We and our affiliates have the right to offer, sell or distribute, within and outside the Designated Area, any frozen, pre-packaged items or other products or services associated with the System (now or in the future) or identified by the Trademarks, or any other trademarks, service marks or trade names, except for Prohibited Items (as defined below), through any distribution channels or methods, without compensation to any franchisee. The distribution channels or methods include, without limitation, grocery stores, club stores, convenience stores, wholesale, hospitals, clinics, health care facilities, business or industry locations (e.g. manufacturing site, office building), military installations, military commissaries or the internet (or any other existing or future form of electronic commerce). The Prohibited Items are the following items that we will not sell in the Designated Area through other distribution channels or methods: any retail food service Menu Items that are cooked or prepared to be served to the end user or customer for consumption at the retail location (unless sold at the limited seating facilities referenced in subparagraph (i) of the paragraph above). For example, chicken wings cooked and served to customers at a grocery store or convenience store would be a Prohibited Item, but the sale of frozen or pre-packaged chicken wings at a grocery store or convenience store would be a permitted form of distribution in the Designated Area.

You acknowledge and agree that certain locations within and outside the Designated Area are by their nature unique and separate in character from sites generally developed as BUFFALO WILD WINGS restaurants. As a result, you agree that the following locations ("Special Sites") are excluded from the Designated Area and we have the right to develop or franchise such locations: (1) military bases; (2) public transportation facilities; (3) sports facilities, including race tracks; (4) student unions or other similar buildings on college or university campuses; (5) amusement and theme parks; and (6) community and special events.

In addition, you acknowledge and agree that, subject to your right of first refusal as set forth below, we and our affiliates have the right to operate or franchise within and outside the Designated Area one or more facilities selling, for dine in or take out, all or some of the Menu Items, using the Trademarks or any other trademarks, service marks or trade names, without compensation to any franchisee, provided, however, that such facilities shall not have an interior area larger than 2,400 square feet and shall not have seating capacity for more than 48 people ("Limited Seating Facilities"). If we develop a model for a Limited Seating Facility and determine that your Designated Territory is an appropriate market for such a facility, we will provide to you a written offer ("Offer") specifying the terms and conditions for your development of the Limited Seating Facility. You will have 90 days following your receipt of the Offer to accept the Offer by delivering written notice to us of your acceptance, provided that you are not in default under this Agreement or any other Agreement with us or our affiliates. If you do not provide written notice to us within the time period or if you are in default under this Agreement or any other agreement with us or our affiliates, you will lose the right to develop the Limited Seating Facility and we may develop or franchise others to develop the Limited Seating Facility within your Designated Area. You acknowledge and agree that if you accept the Offer, we may require you to submit a full application, pay an initial fee and sign a new form of franchise agreement.

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E. Catering and Delivery. You may not engage in catering and delivery services and activities within or outside of the Designated Area, unless we authorize you in writing, as further described in subparagraph 6.L. We and our affiliate companies will not engage in catering and delivery services and activities in the Designated Area; however, we have no obligation to enforce similar covenants against any other franchisee.

3. You acknowledge and agree that the Trademarks are our parent company's property and it has licensed the use of the Trademarks to us with the right to sublicense to others. You further acknowledge that your right to use the Trademarks is specifically conditioned upon the following:

A. Trademark Ownership. The Trademarks are our parent company's valuable property, and it is the owner of all right, title and interest in and to the Trademarks and all past, present or future goodwill of the Restaurant and of the business conducted at the Authorized Location that is associated with or attributable to the Trademarks. Your use of the Trademarks will inure to our parent company's benefit. You may not, during or after the term of this Agreement, engage in any conduct directly or indirectly that would infringe upon, harm or contest our parent company's rights in any of the Trademarks or the goodwill associated with the Trademarks, including any use of the Trademarks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media.

B. Trademark Use. You may not use, or permit the use of, any trademarks, trade names or service marks in connection with the Restaurant except those set forth in Appendix A or except as we otherwise direct in writing. You may use the Trademarks only in connection with such products and services as we specify and only in the form and manner we prescribe in writing. You must comply with all trademark, trade name and service mark notice marking requirements. You may use the Trademarks only in association with products and services approved by us and that meet our standards or requirements with respect to quality, mode and condition of storage, production, preparation and sale, and portion and packaging.

C. Restaurant Identification. You must use the name BUFFALO WILD WINGS GRILL & BAR as the trade name of the Restaurant and you may not use any other mark or words to identify the Restaurant without our prior written consent. You may not use any of the words BUFFALO, WILD or WINGS or any of the other Trademarks as part of the name of your corporation, partnership, limited liability company or other similar entity. You may use the Trademarks on various materials, such as business cards, stationery and checks, provided you (i) accurately depict the Trademarks on the materials as we prescribe, (ii) include a statement on the materials indicating that the business is independently owned and operated by you, (iii) do not use the Trademarks in connection with any other trademarks, trade names or service marks unless we specifically approve in writing prior to such use, and (iv) make available to us, upon our request, a copy of any materials depicting the Trademarks. You must post a prominent sign in the Restaurant identifying you as a BUFFALO WILD WINGS franchisee in a format we deem reasonably acceptable, including an acknowledgment that you independently own and operate the Restaurant and that the BUFFALO WILD WINGS Trademark is owned by our parent company and your use is under a license we have issued to you. All your internal and external signs must comply at all times with our outdoor/indoor guidelines and practices, as they are modified from time to time.

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D. Litigation. In the event any person or entity improperly uses or infringes the Trademarks or challenges your use or our use or ownership of the Trademarks, we will control all litigation and we have the right to determine whether suit will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken. You must promptly notify us of any such use or infringement of which you are aware or any challenge or claim arising out of your use of any Trademark. You must take reasonable steps, without compensation, to assist us with any action we undertake. We will be responsible for our fees and expenses with any such action, unless the challenge or claim results from your misuse of the Trademarks in violation of this Agreement, in which case you must reimburse us for our fees and expenses.

E. Changes. You may not make any changes or substitutions to the Trademarks unless we direct in writing. We reserve the right to change the Trademarks at any time. Upon receipt of our notice to change

the Trademarks, you must cease using the former Trademarks and commence using the changed Trademarks, at your expense. If the changes to the Trademarks require substantial remodeling due to a modernization in trade dress, the expenditure will be considered toward the Maximum Modernization Amount described in subparagraph 5.E. If the changes to the Trademarks result in a required change to outdoor signage, such changes will be subject to the provisions in 5.F.

#### TERM AND RENEWAL

4. The following provisions control with respect to the term and renewal of this Agreement:

A. Term. The initial term of this Agreement is 20 years, unless this Agreement is sooner terminated in accordance with Paragraph 13. The initial term commences upon the Effective Date (as defined in subparagraph 15.S) of this Agreement. We may extend this initial term in writing for a limited period of time not to exceed 6 months to take into account the term of any applicable lease for the Authorized Location.

B. Renewal Term and Conditions of Renewal. You may renew your license for two renewal terms, (the first renewal term is 10 years; the second renewal term is 5 years), provided that with respect to each renewal: (i) you have given us written notice of your decision to renew at least 6 months but not more than 12 months prior to the end of the expiring term; (ii) you sign our then-current form of franchise agreement (modified to reflect no additional renewal term upon expiration and other modifications to reflect that the agreement relates to the grant of a renewal), the terms of which may differ from this Agreement, including higher fees and a modification to the Designated Area (although in no event will the revised Designated Area have a residential population of the lesser of approximately 30,000 to 40,000 or the residential population that existed as of the Effective Date); (iii) you have complied with the provisions of subparagraph 5.E regarding modernization and you perform any further items of modernization and/or replacement of the building, premises, trade dress, equipment and grounds as may be necessary for your Restaurant to conform to the standards then applicable to new BUFFALO WILD WINGS restaurants, regardless of the cost of such modernizations and/or replacements, unless we determine that you should relocate your Restaurant because your Authorized Location no longer meets our then-current site criteria, in which case you must comply with the 90 and 270 day relocation requirements of subparagraph 5.D; (iv) you are not in default of this Agreement or any other agreement pertaining to the franchise granted, have satisfied all monetary and material obligations on a timely basis during the term and are in good standing; (v) if leasing the Restaurant premises (and not subject to relocation under (iii) above), you have renewed the lease and have provided written proof of your ability to remain in possession of the premises throughout the renewal period; (vi) you comply with our then-current training requirements; (vii) you pay us, at least 30 days prior to the end of the expiring term, a renewal fee in the amount of \$20,000; and (viii) you and your Principal Owners and guarantors execute a general release of claims in a form we prescribe.

C. Relocation Upon Renewal. If, as a condition of renewal, we require you to relocate your Restaurant pursuant to subparagraph 4.B(iii) above, you may renew your license for two renewal terms (the first renewal term for 15 years and the second renewal term for 5 years), provided that with respect to each renewal, you meet all conditions stated in subparagraph 4.B.

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#### FACILITY STANDARDS AND MAINTENANCE

5. You acknowledge and agree that we have the right to establish, from time to time, quality standards regarding the business operations of BUFFALO WILD WINGS restaurants and stores to protect the distinction, goodwill and uniformity symbolized by the Trademarks and the System. Accordingly, you agree to maintain and comply with our quality standards and agree to the following terms and conditions:

A. Restaurant Facility; Site Under Control. You are responsible for purchasing or leasing a site that meets our site selection criteria. You must obtain our written consent to the site. Prior to granting our consent to a site, you must have the site evaluated by the proprietary site evaluator software that has been developed by GeoVue, Inc. You must execute the Enrollment Form and Portal Terms and Conditions attached as Appendix F and pay GeoVue, Inc. an evaluation fee of \$400 per site evaluated, but you must pay for the rights to have at least 3 sites evaluated and these fees are non refundable. If your authorized location is located in an area with a lower population or smaller trade area, we may reduce the number of required site evaluations. You may not use the Restaurant premises or Authorized Location for any purpose other than the operation of a BUFFALO WILD WINGS Restaurant during the term of this Agreement. We make no guarantees concerning the success of the Restaurant located on any site to which we consent.

You may not open your Restaurant for business until we have notified you in writing that you have satisfied your pre-opening obligations as set forth in subparagraphs 5.A and 5.B and we have approved your opening date. We are not responsible or liable for any of your pre-opening obligations, losses or expenses you might incur for your failure to comply with these obligations or your failure to open by a particular date. We also are entitled to injunctive relief or specific performance under subparagraph 12.C for your failure to comply with your obligations.

In the event that you plan to enter into any type of lease for the Restaurant premises, you and your landlord must sign the Lease Addendum attached as Appendix C. We recommend you submit the Lease Addendum to the landlord at the beginning of your lease review and negotiation, although the terms of the Lease Addendum may not be negotiated without our prior approval. If the landlord requires us to negotiate the Lease Addendum, we reserve the right to charge you a fee, which will not exceed our actual costs associated with the negotiation. You must provide us a copy of the executed lease and Lease Addendum within 5 days of its execution. We have no responsibility for the lease; it is your sole responsibility to evaluate, negotiate and enter into the lease for the Restaurant premises.

You must execute, and provide us an executed copy of your lease (including an executed copy of the Lease Addendum) or the purchase agreement for the selected and approved site for your Restaurant within 120 days from the date of execution of this Agreement if the Restaurant will be in a free standing location or within 90 days from the execution of this Agreement if the selected and consented to site for the Restaurant is in a non-free standing location. If you fail to have your "site under control" (execute the lease or the purchase agreement within the periods set forth in this subparagraph), we will have the right to terminate this Agreement without opportunity to cure pursuant to subparagraph 13.B.2.

B. Construction; Future Alteration. You must construct and equip the Restaurant in strict accordance with our current approved specifications and standards pertaining to equipment, inventory, signage, fixtures, furnishings, accessory features (including sports memorabilia) and design and layout of the building. You may not commence construction of the Restaurant until you have received our written consent to your building plans. If your Restaurant is not constructed strictly according to the previously consented building plans, we will not approve your Restaurant for opening. You will have 30 days from the date we deny our approval for opening your Restaurant to correct all the construction problems so that your Restaurant is strictly constructed according to the consented building plans. If you fail to correct the problems within the 30 day period we may immediately terminate this Agreement pursuant to subparagraph 13.B.2. If the Restaurant opening is delayed for the foregoing reasons, you will be responsible for any losses and costs related to such delay.

Without limiting the generality of the prior paragraph, you must promptly after obtaining possession of the site for the Restaurant: (i) retain the services of one of our designated architects; and (ii) retain the services of a general contractor and

audio/visual equipment providers and installers, each of whom must have successfully gone through our application process or otherwise been approved by us in writing (although if this Agreement is for your first BUFFALO WILD WINGS restaurant or if you or any of your affiliates have failed to timely open any other BUFFALO WILD WINGS restaurant in accordance with the terms of any franchise agreement with us, you must use one of our designated general contractors); (iii) have prepared and submitted for our approval a site survey and basic architectural plans and specifications (not for construction) consistent with our general atmosphere, image, color scheme and ambience requirements as set forth from time to time in the manuals for a BUFFALO WILD WINGS restaurant (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating); (iv) purchase or lease and then, in the construction of the Restaurant, use only the approved building materials, equipment, fixtures, audio visual equipment, furniture and signs; (v) complete the construction and/or remodeling, equipment, fixtures, furniture and sign installation and decorating of the Restaurant in full and strict compliance with plans and specifications we approve and all applicable ordinances, building codes and permit requirements without any unauthorized alterations; (vi) obtain all customary contractors' sworn statements and partial and final waiver obtain all necessary permits, licenses and architectural seals and comply with applicable legal requirements relating to the building, signs, equipment and premises, including, but not limited to, the Americans With Disabilities Act; and (vii) obtain and maintain all required zoning changes, building, utility, health, sanitation, liquor and sign permits and licenses and any other required permits and licenses (if this Agreement is for your first BUFFALO WILD WINGS restaurant or if in any previous franchise agreement executed between you or any of your affiliates and us, you or any of your affiliates have not met your obligations regarding the build out of any previous BUFFALO WILD WINGS restaurant, you must retain the services of a company specialized in assisting restaurant operators during the construction process to assist you in submitting, processing, monitoring and obtaining in a timely manner all necessary construction documents, licenses and permits and to advise you throughout the construction of your Restaurant). It is your responsibility to comply with the foregoing conditions.

If this is not your first BUFFALO WILD WINGS restaurant and you have opened all others on a timely basis, you may request that we approve a general contractor that is not on our current list of approved suppliers. You must pay us a \$5,000 processing fee to process your request to qualify the general contractor. You, your affiliates or your Principal Owners, or any person related to, or any entity controlled by your Principal Owners may not be your general contractor unless you have requested our approval, you have paid the \$5,000 qualification processing fee, and we have approved your request. If you have signed an Area Development Agreement for 8 or more restaurants, you also may request approval of an architect that is not on our list of approved suppliers. The architect will be required to attend a two day training session at our Minneapolis headquarters, at a cost of \$7,500.

If you want to use an audio/visual equipment provider/installer who is not on our list of approved suppliers (whether it is for your first or any subsequent restaurant), you must pay us or our designated third party \$250 for any audio/visual equipment provider/installer that you submit for our qualification. You also must pay a bid review fee of \$150 and a final inspection fee of \$500 for audio/visual related services (in addition to travel expenses of the inspector), regardless of whether you use a newly approved or previously approved audio/visual provider and installer. Your general contractor may not be your audio/visual equipment provider and installer.

Any change to the building plans or any replacement, reconstruction, addition or modification in the building, interior or exterior decor or image, equipment or signage of the Restaurant to be made after our consent is granted for initial plans, whether at the request of you or of us, must be made in accordance with specifications that have received our prior written consent. You may not commence such

replacement, reconstruction, addition or modification until you have received our written consent to your revised plans.

You must begin substantial construction (site work, utility infrastructure and building erection) of the Restaurant at least 150 days before the deadline to open the Restaurant if the Restaurant will be in a free standing location or at least 120 days before the deadline to open the Restaurant if the Restaurant will be in a non-free standing location. You must provide us weekly development and construction reports in the form we designate from the date you begin development until the date you open the Restaurant. For instance, you must contact us weekly and provide checklists and digital photos during construction. In addition, on or before the deadlines to start construction you must submit to us executed copies of any loan documents and any other document that proves that you have secured adequate financing to complete the construction of the Restaurant by the date you are obligated to have the Restaurant open and in operation. In the event that you fail to begin construction or to secure financing pursuant to this paragraph, we will have the right to terminate this Agreement without opportunity to cure pursuant to subparagraph 13.B.2.

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C. Maintenance. The building, equipment, fixtures, furnishings, signage and trade dress (including the interior and exterior appearance) employed in the operation of your Restaurant must be maintained and refreshed in accordance with our requirements established periodically and any of our reasonable schedules prepared based upon periodic evaluations of the premises by our representatives. Within a period of 30-45 days (as we determine depending on the work needed) after the receipt of any particular report prepared following such an evaluation, you must effect the items of maintenance we designate, including the repair of defective items and/or the replacement of irreparable or obsolete items of equipment and interior signage. If, however, any condition presents a threat to customers or public health or safety, you must effect the items of maintenance immediately, as further described in subparagraph 6.G. The items of maintenance generally result from common wear and tear over a period of time, accidents or lack of care. Examples include, but are not limited to, repairing or replacing HVAC equipment, plumbing and electrical systems that are not functioning properly; repairing a leaking roof; repairing or replacing broken operational and audio-visual equipment; refreshing general appearance items such as paint (interior and exterior) and landscaping; replacing worn carpet, furniture and other furnishings; and conducting routine maintenance of areas that affect the appearance of the Restaurant and goodwill of the Trademarks such as the appearance of the outdoor signage, the parking lot and dumpster area. Items of maintenance will not be considered items of modernization or replacement under subparagraph 5.E and, therefore, any expenses for maintenance will not be counted towards the Maximum Modernization Amount that you are required to spend pursuant to subparagraph 5.E.

D. Relocation. If you need to relocate because of condemnation, destruction, or expiration or cancellation of your lease for reasons other than your breach, we will grant you authority to do so at a site acceptable to us that is within your Designated Area; provided that (i) the new site has been evaluated by the proprietary site evaluator software that has been developed by GeoVue, Inc. (or by the proprietary site evaluation system then being used by us) and you have paid the \$400 evaluation fee, provided, that you must purchase the rights to have at least 3 sites evaluated unless we determine your trade area does not require 3 evaluations; (ii) we have consented in writing to the new site; (iii) the new Restaurant is under construction within 90 days after you discontinue operation of the Restaurant at the Authorized Location; and (iv) the new Restaurant is open and operating within 270 days after construction commences, all in accordance with our then-current standards. If you voluntarily decide to relocate the Restaurant, your right to relocate the Restaurant will be void and your interest in this Agreement will be voluntarily abandoned, unless you have given us notice of your intent to relocate not less than 60 days prior to closing the Restaurant, have procured a site that has been evaluated by the proprietary site evaluator software that has been

developed by GeoVue, Inc. (or by the proprietary site evaluation system then being used by us) and accepted by us within 60 days after closing the prior Restaurant, have opened the new Restaurant for business within 180 days of such closure and complied with any other conditions that we reasonably require. You must pay the costs of any relocation, and we reserve the right to charge you for any reasonable costs that we incur.

In the event your Restaurant is destroyed or damaged and you repair the Restaurant at the Authorized Location (rather than relocate the Restaurant), you must repair and reopen the Restaurant at the Authorized Location in accordance with our then-current standards for the destroyed or damaged area within 270 days of the date of occurrence of the destruction or damage.

You do not have the right to relocate in the event you lose the right to occupy the Restaurant premises because of the cancellation of your lease due to your breach. The termination or cancellation of your lease due to your breach is grounds for immediate termination under subparagraph 13.B.2.

E. Modernization or Replacement. From time to time as we require, you must effect items of modernization and/or replacement of the building, premises, trade dress, equipment and grounds as may be necessary for your Restaurant to conform to the standards for similarly situated new BUFFALO WILD WINGS restaurants. The maximum cumulative amount (the "Maximum Modernization Amount") that you will be required to spend during the initial term of this Agreement depends on whether your Restaurant is a free standing location and is established as follows:

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(i) Free Standing Locations (a single use, single tenant, unattached building or pad site). You will be required to spend no more than \$185,000 during the initial 10 years of this Agreement and \$50,000 during years 11-15. If we do not require you to spend \$185,000 during the first 10 years of the Agreement, we may require you to spend the remaining amount, in addition to the \$50,000, during years 11-15. If we do not require you to spend \$235,000 during the first 15 years of this Agreement, we may require you to spend the remaining amount up to \$235,000 during years 16-20.

(ii) Non-Free Standing Locations. You will be required to spend no more than \$155,000 during the initial 10 years of this Agreement and \$25,000 during years 11-15. If we do not require you to spend \$155,000 during the first 10 years of the Agreement, we may require you to spend the remaining amount, in addition to the \$25,000, during years 11-15. If we do not require you to spend \$180,000 during the first 15 years of this Agreement, we may require you to spend the remaining amount up to \$180,000 during years 16-20.

Notwithstanding the prior paragraphs, we will not require you to make any modernization expenditures during the first three years of this Agreement. Thereafter, however, you must complete to our satisfaction any changes we require within 24 months from the date you are notified of any required changes, except for outdoor signage as set forth in subparagraph 5.F.

Each and every transfer of any interest in this Agreement or your business governed by Paragraph 11 or renewal covered by Paragraph 4 is expressly conditioned upon your compliance with these requirements at the time of transfer or renewal without regard to the Maximum Modernization Amount.

The Maximum Modernization Amount will be adjusted every 5-year period in accordance with any change in the National Consumer Price Index - All Urban Consumers for the recently completed 5-year period, as described in subparagraph 16.Q. The Maximum Modernization Amount does not include any required expenditures for equipment or leasehold improvements necessary to prepare new product offerings. Furthermore, you must perform general, continued maintenance and refreshing of the

Restaurant premises whenever necessary as set forth in subparagraph 5.C and at a cost not included in the Maximum Modernization Amount.

You acknowledge and agree that the requirements of this subparagraph 5.E are both reasonable and necessary to ensure continued public acceptance and patronage of BUFFALO WILD WINGS restaurants and to avoid deterioration or obsolescence in connection with the operation of the Restaurant. If you fail to make any improvement as required by this subparagraph or perform the maintenance described in subparagraph 5.C, we may, in addition to our other rights in this Agreement, effect such improvement or maintenance and you must reimburse us for the costs we incur.

F. Signage. The outdoor signage at your Restaurant must comply with our then current specifications, which we may modify and change from time to time due to modifications to the System, including changes to the Trademarks. You must make such changes to the outdoor signage as we require. We will pay for 1/3 of the cost to replace your outdoor signage if: (i) your Restaurant's sign is less than 2 years old and (ii) we require that you replace the sign within one year from the date of notification. In any case, your failure to replace the signage within 15 months from the date of notification will constitute a default of this Agreement under Paragraph 13. Any upgrades to the type or size of your outdoor signage will be at your expense. Your costs for the signage will be included in the Maximum Modernization Amount under subparagraph 5.E.

#### PRODUCTS AND OPERATIONS STANDARDS AND REQUIREMENTS

6. You must implement and abide by our requirements and recommendations directed to enhancing substantial System uniformity. The following provisions control with respect to products and operations:

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A. Authorized Menu. Your business must be confined to the preparation and sale of only such Menu Items and other food and beverage products as we designate and approve in writing from time to time for sale by your Restaurant. You must offer for sale from the Restaurant all items and only those items listed as Menu Items and other approved food and beverage products. You must offer the full Authorized Menu during all hours of operation, although you may offer a limited selection of food Menu Items during the last hour if your Restaurant is open past midnight and in excess of 12 hours during a day. We have the right to make modifications to these items from time to time, and you agree to comply with any modifications. You may not offer or sell any other product or service at the Authorized Location without our prior written consent.

B. Authorized Products and Ingredients. You must use in the operation of the Restaurant and in the preparation of Menu Items and other food and beverage products only the proprietary sauces and mixes and other proprietary and non-proprietary ingredients, recipes, formulas, cooking techniques and processes and supplies, and must prepare and serve Menu Items and products in such portions, sizes, appearance, taste and packaging, all as we specify in our most current product preparation materials or otherwise in writing. We will supply to you a copy of the current product preparation materials prior to opening the Restaurant. You acknowledge and agree that we may change these periodically and that you are obligated to conform to the requirements. All supplies, including containers, cups, plates, wrapping, eating utensils, and napkins, and all other customer service materials of all descriptions and types must meet our standards of uniformity and quality. You acknowledge that the Restaurant must at all times maintain an inventory of ingredients, food and beverage products and other products, material and supplies that will permit operation of the Restaurant at maximum capacity.

C. Approved Supplies and Suppliers. We will furnish to you from time to time lists of approved supplies or approved suppliers. You must only use approved products, services, inventory, equipment, fixtures, furnishings, signs, advertising materials, trademarked items and novelties, and other items or services (collectively, "approved supplies") in connection with the design, construction and operation of

the Restaurant as set forth in the approved supplies and approved suppliers lists, as we may amend from time to time. Although we do not do so for every item, we have the right to approve the manufacturer, distributor and/or supplier of approved supplies and in some instances, require that you use designated sources or suppliers. Along with a number of other approval criteria, to be an approved supplier, the supplier must have the ability to provide the product and/or service, on a national basis, to at least 80% of the then existing Restaurants. You acknowledge and agree that certain approved supplies may only be available from one source, and we or our affiliates may be that source. All inventory, products, materials and other items and supplies used in the operation of the Restaurant that are not included in the approved supplies or approved suppliers lists must conform to the specifications and standards we establish from time to time. ALTHOUGH APPROVED OR DESIGNATED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO SERVICES, PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS. IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY US. OUR APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS, OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM SHALL NOT CREATE ANY LIABILITY TO US.

D. Computer System. You must purchase and use any computer system that we develop or select for the Restaurant, including all future updates, supplements and modifications (the "Computer System"). Any updates, supplements or modifications are not subject to or part of the Maximum Modernization Amount defined in subparagraph 5.E. The Computer System may include all hardware and software used in the operation of the Restaurant, including electronic point-of-sale cash registers and back office programs used to record, analyze and report sales, labor, inventory and tax information. The computer software package developed for use in the Restaurant may include proprietary software. You may be required to license the proprietary software from us, an affiliate or a third party and you also may be required to pay a software licensing or user fee in connection with your use of the proprietary software. All right, title and interest in the software will remain with the licensor of the software. The computer hardware component of the Computer System must conform to specifications we develop. We reserve the right to designate a single source from whom you must purchase the Computer System. You acknowledge and agree that we will have full and complete access to information and data entered and produced by the Computer System. You must, at all times, have at the Authorized Location internet access with a form of high speed connection as we require and you must maintain: (i) an email account for our direct correspondence with the Control Person; and (ii) a separate email account for the Restaurant.

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E. Serving and Promotional Items. All sales promotion material, customer goodwill items, cartons, containers, wrappers and paper goods, eating and serving utensils and other items, and customer convenience items used in the sales promotion, sale and distribution of products covered by this Agreement are subject to our approval and must, where practicable, contain one or more of the Trademarks. We may require you to carry and offer for sale in the Restaurant a representative supply of approved trademarked clothing and other novelty items, including special promotional items that we develop and market from time to time.

F. Health and Sanitation. Your Restaurant must be operated and maintained at all times in compliance with any and all applicable health and sanitary standards prescribed by governmental authority. You also must comply with any standards that we prescribe. In addition to complying with such standards, if the Restaurant is subject to any sanitary or health inspection by any governmental authorities under which it may be rated in one or more than one classification, it must be maintained and operated so as to be rated in the highest available health and sanitary classification with respect to each governmental agency inspecting the same. In the event you fail to be rated in the

highest classification or receive any notice that you are not in compliance with all applicable health and sanitary standards, you must immediately notify us of such failure or noncompliance.

G. Evaluations. We or our authorized representative have the right to enter your Restaurant at all reasonable times during the business day for the purpose of making periodic evaluations and to ascertain if the provisions of this Agreement are being observed by you, to inspect and evaluate your building, land and equipment, and to test, sample, inspect and evaluate your supplies, ingredients and products, as well as the storage, preparation and formulation and the conditions of sanitation and cleanliness in the storage, production, handling and serving. If we determine that any condition in the Restaurant presents a threat to customers or public health or safety, we may take whatever measures we deem necessary, including requiring you to immediately close the Restaurant until the situation is remedied to our satisfaction. Our inspections and evaluations may include a "mystery shopper" program from time to time throughout the term of this Agreement. We hire various vendors who send the "mystery shoppers" into the BUFFALO WILD WINGS restaurants. If you fail an evaluation by us or by a mystery shopper or if we receive a specific customer complaint, you must pay for the mystery shopper(s) we send to your Restaurant (until the issue is resolved to our satisfaction). The current fee charged by the vendors is approximately \$100 fee per visit, which you must pay directly to the vendor. The fee per visit includes the reimbursement of the tab paid by the mystery shopper for the items consumed at your Restaurant and, therefore, the actual fee for each visit will vary.

H. Period of Operation. Subject to any contrary requirements of local law, your Restaurant must be opened to the public and operated with the full Authorized Menu at least 12 hours each day of the year, although you have the option to close your Restaurant, with prior notification to us, 5 days per year, although never 2 consecutive days (with the exception of Christmas Eve and Christmas Day). Any variance from this provision must be authorized by us in writing. You acknowledge and agree that if your Restaurant is closed for a period of 2 consecutive days or 5 or more days in any 12-month period without our prior written consent, such closure constitutes your voluntary abandonment of the franchise and business and we have the right, in addition to other remedies provided for herein, to terminate this Agreement. Acts of force majeure, as defined in subparagraph 16.M cause preventing you temporarily from complying with the foregoing will suspend compliance for the duration of such interference.

I. Operating Procedures. You must adopt and use as your continuing operational routine the required standards, service style, procedures, techniques and management systems described in our manuals or other written materials relating to product preparation, menu, storage, uniforms, financial management, equipment, facility and sanitation. We will revise the manuals and these standards, procedures, techniques and management systems periodically to meet changing conditions of retail operation in the best interest of restaurants operating under the Trademarks. Any required standards exist to protect our interests in the System and the Trademarks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. You must use your best efforts to promote and increase the sales and service of Menu Items and to effect the widest and best possible distribution throughout the Designated Area.

You acknowledge having received one copy of the manuals on loan from us for the term of this Agreement. You acknowledge and agree that the manuals and other system communications may only be available on the internet or other online or computer communications. The manuals at all times are our sole property. You must at all times treat the manuals, and the information they contain, as secret and confidential, and must use all reasonable efforts to maintain such information as secret and confidential. We may from time to time revise the contents of the manuals and you expressly agree to comply with each new or changed requirement. You must at all times ensure that your copy of the manuals are kept current and up to date, and in the event of any dispute as to the contents of said manuals, the terms of the master

copy of the manuals that we maintain are controlling.

J. Confidential Information. You, the Principal Owners, the Unit General Manager, your guarantors, officers, directors, members, managers, partners, employees or agents, or any other individual or entity related to, or controlled by, you may not, during the term of this Agreement or thereafter, disclose, copy, reproduce, sell or use any such information in any other business or in any manner not specifically authorized or approved in advance in writing by us any Confidential Information. For purposes of this Agreement, "Confidential Information" means the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding the business that is valuable and secret in the sense that it is not generally known to our competitors and any proprietary information contained in the manuals or otherwise communicated to you in writing, verbally or through the internet or other online or computer communications, and any other knowledge or know-how concerning the methods of operation of the Restaurant, as well as the content of this Agreement and any other document executed in connection with this Agreement. Any and all Confidential Information, including, without limitation, proprietary ingredients, sauces and mixes, secret formulas and recipes, methods, procedures, suggested pricing, specifications, processes, materials, techniques and other data, may not be used for any purpose other than operating the Restaurant. We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from any persons owning a minority interest in the franchisee, the Principal Owners, the Unit General Manager and other key employees. You must provide executed copies of these agreements to us upon our request. Notwithstanding the foregoing, you are authorized to disclose the terms of this Agreement to any lender providing you financing for the Restaurant as well as to your landlord.

K. Vending Services. If you install or maintain on the premises any newspaper racks, video games, jukeboxes, gum machines, games, rides, vending machines, or other similar devices that do not meet with our approval, you must remove them within 3 days from receiving written notice from us. Pool tables, cigarette vending machines, gambling and gaming machines or games of chance are not allowed. Any income from vending services in the Restaurant or on its premises, regardless of which person or entity collects the money, and regardless of whether we authorized you to install them, must be included in Gross Sales for purposes of your Royalty Fee and Advertising Fee. Upon our written approval, the money derived from services provided by charitable organizations or services that are for customer convenience, such as pay phones or cash machines, will not be included in Gross Sales.

L. Catering and Delivery Services. If you want to offer catering or delivery service to customers, you must obtain our prior written approval, which we will not withhold unreasonably, although we reserve the right to require you to offer catering service to customers located within the Designated Area. Any catering or delivery services must meet our written standards. You also must charge the same price for products offered by the Restaurant whether delivered or catered by or sold in the Restaurant. Any income from catering or delivery services must be included in Gross Sales for purposes of your Royalty Fee and Advertising Fee.

M. Compliance with Law; Licenses and Permits. You must at all times maintain your premises and conduct your Restaurant operations in compliance with all applicable laws, regulations, codes and ordinances. You must secure and maintain in force all required licenses, including a liquor license that permits alcohol sales 7 days a week (full liquor Monday through Saturday and either full liquor or at least beer only on Sundays), permits and certificates relating to your Restaurant. If your Restaurant is open and operating and a change occurs in applicable state or local law that does not permit liquor sales on Sundays, it will not be deemed a breach of this Agreement. In the event your liquor license is suspended or revoked, in addition to our right to terminate this Agreement pursuant to subparagraph 13.B, we reserve the right to charge you the Royalty Fee on the Gross Sales you would have received on the lost liquor sales during the license suspension. We will estimate the Gross Sales based on the prior year's Gross Sales for the suspension period.

You acknowledge that you are an independent business and responsible for control and management of your Restaurant, including, but not limited to, the hiring and discharging of your employees and setting and paying wages and benefits of your employees. You acknowledge that we have no power, responsibility or liability in respect to the hiring, discharging, setting and paying of wages or related matters.

You must immediately notify us in writing of any claim, litigation or proceeding that arises from or affects the operation or financial condition of your BUFFALO WILD WINGS business or Restaurant, including any notices of health code violations or liquor license violations.

N. Participation in Internet Web Sites or Other Online Communications. You must, at your expense, participate in our BUFFALO WILD WINGS web site on the internet, our intranet system or other online communications as we may require. For instance, you must submit to us daily reports via our intranet system, as further described in subparagraph 9.H. We have the right to determine the content and use of our web site and intranet system and will establish the rules under which franchisees may or must participate. You may not separately register any domain name containing any of the Trademarks nor participate in any web site that markets goods and services similar to a BUFFALO WILD WINGS restaurant. We retain all rights relating to our web site and intranet system and may alter or terminate our web site or intranet system. Your general conduct on our web site and intranet system or other online communications and specifically your use of the Trademarks or any advertising is subject to the provisions of this Agreement. You acknowledge that certain information related to your participation in our web site or intranet system may be considered Confidential Information, including access codes and identification codes. Your right to participate in our web site and intranet system, or otherwise use the Trademarks or System on the internet or other online communications, will terminate when this Agreement expires or terminates.

O. System Modifications. You acknowledge and agree that we have the right to modify, add to or rescind any requirement, standard or specification that we prescribe under this Agreement to adapt the System to changing conditions competitive circumstances, business strategies, business practices and technological innovations and other changes as we deem appropriate. You must comply with these modifications, additions or rescissions at your expense, subject to the requirements of subparagraph 5.E and any other express limitations set forth in this Agreement.

P. Suggested Pricing Policies. We may, from time to time, make suggestions to you with regard to your pricing policies. Notwithstanding any suggestions, you have the sole and exclusive right as to the minimum prices you charge for the services offered at the Restaurant. We retain the right to establish maximum prices to be charged by you for sales promotions, subject to subparagraph 8.F, or otherwise. Any list or schedule of prices we furnish to you may, unless otherwise specifically stated as to the maximum price, be treated as a recommendation only and failure to accept or implement any such suggestion will not in any way affect the relationship between you and us.

#### PERSONNEL AND SUPERVISION STANDARDS

7. The following provisions and conditions control with respect to personnel, training and supervision:

A. Supervision. You must have a Control Person and a Unit General Manager that meet our standards and qualifications at all times during the term of this Agreement. Your Control Person and Unit General Manager must attend and successfully complete all required training, as set forth in subparagraphs 7.B - E. Should any actions (or inactions) of your Control Person or Unit General Manager cause the individual to fail to meet our standards and qualifications or should the action (or inaction) bring or tend to bring any of the Trademarks into disrepute

or impair or tend to impair your or your Restaurant's reputation or the goodwill of the Trademarks, your Restaurant or the BUFFALO WILD WINGS system, we have the right to require that you replace the Control Person or Unit General Manager with an individual who meets our standards and qualifications within 30 days. Any new Control Person or Unit General Manager must attend and successfully complete our training requirements immediately after being appointed by you. The Control Person and Unit General Manager must ensure that the Restaurant is operated in accordance with the terms and conditions of this Agreement, although this in no way relieves you of your responsibilities to do so. Your Control Person also must be readily and continuously available to us. In addition to the Control Person and your Unit General Manager, you must have at least two assistant managers at all times during the term of this Agreement.

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B. Training. You must, at your expense, comply with all of the training requirements we prescribe for the Restaurant to be developed under this Agreement. The Control Person, the Unit General Manager and at least one of your assistant managers must attend training and complete training to our satisfaction (such that at all times you have 3 trained managers for your Restaurant). All replacement managers must complete training to our satisfaction, and must begin training within 6 weeks of the time of hire. The training requirements may vary depending on our assessment of the experience of the Control Person, the Unit General Manager and the assistant managers or other factors specific to the Restaurant. In the event you are given notice of default as set forth in subparagraphs 13.A and B and the default relates, in whole or in part, to your failure to meet any operational standards, we have the right to require as a condition of curing the default that you, the Control Person, the Unit General Manager and the assistant managers, at your expense, comply with the additional training requirements we prescribe. Any new Control Person or Unit General Manager must comply with our training requirements. Under no circumstances may you permit management of the Restaurant's operations by a person who has not successfully completed to our reasonable satisfaction all applicable training we require.

C. Ongoing Training. We may require the Control Person, the Unit General Manager, the assistant managers and other key employees of the Restaurant to attend, at your expense, ongoing training at our training facility, the Authorized Location or other location we designate. In addition, we may develop and require you to purchase an in-restaurant training program.

D. Staffing. You will employ a sufficient number of competent and trained employees to ensure efficient service to your customers. You must require all your employees to work in clean uniforms approved by us, but furnished at your cost or the employees' cost as you may determine. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever.

E. Attendance at Meetings. You and the Control Person must attend, at your expense, all annual franchise conventions we may hold or sponsor and all meetings relating to new products or product preparation procedures, new operational procedures or programs, training, restaurant management, sales or sales promotion, or similar topics. If you or the Control Person are not able to attend a meeting or convention, you must notify us prior to the meeting and must have a substitute person acceptable to us attend the meeting. In addition, your Unit General Manager(s) must attend the annual training meeting for Unit General Managers that we may hold or sponsor, at your own expense. We reserve the right to require that you and/or your Control Person attend any additional meetings that we deem appropriate under special circumstances, provided however, that we will not require more than one additional meeting every year and we will give you written notice of any such meeting at least 10 days prior to the meeting.

#### ADVERTISING

8. You agree to actively promote your Restaurant, to abide by all of our advertising requirements and to comply with the following provisions:

A. Advertising Fund. You must pay to us an Advertising Fee as set forth in subparagraph 9.C. All Advertising Fees will be placed in an Advertising Fund that we own and manage. On behalf of our company and affiliate owned restaurants (except for "Special Sites"), we will pay the same Advertising Fee as similarly situated franchised restaurants (based on age and type of location) in the same local marketing area. The Advertising Fund is not a trust or escrow account, and we have no fiduciary obligation to franchisees with respect to the Advertising Fund; provided, however, we will make a good faith effort to expend such fees in a manner that we determine is in the general best interests of the System. We have the right to determine the expenditures of the amounts collected and the methods of marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs. Because of the methods used, we are not required to spend a prorated amount on each restaurant or in each advertising market. We have the right to make disbursements from the Advertising Fund for expenses incurred in connection with the cost of formulating, developing and implementing marketing, advertising and promotional campaigns. The disbursements may include payments to us for the expense of administering the Advertising Fund, including accounting expenses and salaries and benefits paid to our employees engaged in the advertising functions. If requested, we will provide you an annual unaudited statement of the financial condition of the Advertising Fund.

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B. Required Local Expenditures. You must use your best efforts to promote and advertise the Restaurant and participate in any local marketing and promotional programs we establish from time to time. In addition to the Advertising Fee, you are required to spend 1/2% of your Gross Sales on approved local marketing and promotion. Upon our request, you must provide us with itemization and proof of marketing and an accounting of the monies that you have spent for approved local marketing. If you fail to make the required expenditure, we have the right to collect and contribute the deficiency to the Advertising Fund.

C. Approved Materials. You must use only such advertising materials (including any print, radio, television, electronic, or other media forms that may become available in the future) as we furnish, approve or make available, and the materials must be used only in a manner that we prescribe. Furthermore, any promotional activities you conduct in the Restaurant or on its premises are subject to our approval. We will not unreasonably withhold approval of any sales promotion materials or media and activities; provided that they are current, in good condition, in good taste and accurately depict the Trademarks. Any point-of-sale posters or other promotional materials used by you must be current and in good condition. We may make available at a reasonable cost to you annually or at other reasonable intervals, a sales promotion kit containing new (or replacement) point-of-sale and other promotional materials.

D. Advertising Cooperatives. We have the right to designate local advertising markets and if designated, you must participate in and contribute to the cooperative advertising and marketing programs in your designated local advertising market. If established, you must contribute the 1/2% of Gross Sales you are required to spend on local marketing and promotion to the local cooperative. If, however, the cooperative votes to spend a percentage greater than 1/2% per location, you must contribute such amount. Each BUFFALO WILD WINGS restaurant, including those operated by us, our parent company or our affiliates (except Special Sites) within a designated local advertising area is a member of the local advertising cooperative and each restaurant has one vote on all matters requiring a vote. Each advertising cooperative will be required to adopt governing bylaws that meet our approval. We will provide each advertising cooperative with a sample form of bylaws, containing certain terms and conditions that we require, although the bylaws can not modify the voting structure set forth in this paragraph. You will be required to contribute to the cooperative the percentage as designated by a majority vote of the cooperative members. We reserve the right to administer the advertising cooperatives' funds and require payment from its members via electronic funds transfer. The contribution amount designated by the cooperative must be on a percentage of Gross Sales basis and per Restaurant, and must be at

least 1/2%. The members of each cooperative and their elected officers will be responsible for the administration of the advertising cooperative. Each advertising cooperative must engage the services of a professional advertising agency or media buyer that meets with our approval and has expertise in the industry and in the particular market. Further, you must obtain our written approval of all promotional and advertising materials, creative execution and media schedules prior to their implementation. Each advertising cooperative will be required to prepare annual financial statements, which must be made available to all members of the cooperative and to us upon request. Also, each advertising cooperative must submit to us its meeting minutes upon our request. We have the right to require advertising cooperatives to be formed, changed, dissolved or merged.

E. Telephone Directory Listing. You must place a separate listing, or participate in a joint listing, in the primary yellow page directory serving the geographic area in which your Restaurant is located. The listing must contain such copy and proper use of the Trademarks as we specify. The cost of the listing must be paid by you or, in the case of a joint listing, by you and other participating BUFFALO WILD WINGS restaurants. Your cost to advertise in the yellow pages as we direct will be included as part of your local advertising requirements under subparagraph 8.B. We will not specify an unreasonably expensive listing; we may, however, require you to advertise in more than one local telephone directory.

F. Participation in Certain Programs and Promotions. You must participate in all required advertising and promotional programs we establish. If the promotional program involves alcohol, or any Menu Item that is listed on the then current BUFFALO WILD WINGS printed menu (excluding any inserts), we may suggest, but will not require, that you offer the item at a price lower than the every day menu price. You must use and honor only system-wide gift cards, certificates and checks that we designate and you must obtain all certificates, cards or checks from an approved supplier. We have developed a gift card program and require that you sign the Participation Agreement attached as Appendix E. At the time of termination or expiration, or the transfer of your rights under this Agreement, you must pay all amounts owed by you under the Participation Agreement, including those amounts from purchased, but unredeemed, gift cards.

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G. New Restaurant Opening Promotion. You must conduct certain advertising and public relations activities in connection with the opening of your Restaurant. We require you to spend, in addition to the required local advertising contribution described above, \$12,500 for such opening activities, which must be spent within the 45 days prior or 45 days following the opening of your Restaurant, unless otherwise approved by us. In addition, you must perform opening advertising and promotions as required by this paragraph every time that you (i) relocate the Restaurant or (ii) reopen the Restaurant after having it closed for 30 days or more. Upon our request, you must provide to us proof of these expenditures. We have the right, but not the obligation, to collect and administer these funds on your behalf.

#### FEEs, REPORTING AND AUDIT RIGHTS

9. You must pay the fees described below and comply with the following provisions:

A. Initial Franchise Fee. You must pay to us a nonrefundable Initial Franchise Fee of \$\_\_\_\_\_. The Initial Franchise Fee, payable in full on the date you sign this Agreement, is earned upon receipt and is in consideration for our expenses incurred and services rendered in granting you the franchise rights.

B. Royalty Fee. In addition to the Initial Franchise Fee, during the full term of this Agreement and in consideration of the rights granted to you, you must pay to us as a weekly Royalty Fee. The Royalty Fee for the first half of the initial term of this Agreement shall be an amount equal to 5% of Gross Sales. The Royalty Fee for the second half of the initial term of this Agreement shall be an amount equal to the greater of (i) 5% of Gross Sales or (ii) the Royalty Fee

being charged by us under our form of franchise agreement being used by us at any time during the second half of the initial term of the Agreement (or, if no form of franchise agreement is being used by us on such date, the Royalty Fee being charged by us under our latest form of franchise agreement), provided that the Royalty Fee may not be increased by more than 1/2% at any time during the initial term of the Agreement. The amount of the Royalty Fee for any renewal term shall be that provided in the franchise agreement executed for such renewal term.

C. Advertising Fee. You must pay to us a weekly Advertising Fee in an amount equal to 3% of Gross Sales. We reserve the right to increase this percentage upon 60 days written notice to you, provided, however, that we may not increase the Advertising Fee by more than 1/2% per year and that the Advertising Fee will not exceed 4% for the initial term of this Agreement. These fees are not held by us in trust and become our property to be spent in accordance with Paragraph 8 of this Agreement.

D. Computations and Remittances. Except for the Initial Franchise Fee, you must compute all amounts due and owing at the end of each week's operation and remittance for the amounts must be made to us on or before Friday of the following week, accompanied by the reports required by subparagraph 9.H of this Agreement. We reserve the right to change the reporting day of the week for any or all amounts. You must certify the computation of the amounts in the manner and form we specify, and you must supply to us any supporting or supplementary materials as we reasonably require to verify the accuracy of remittances. You waive any and all existing and future claims and offsets against any amounts due under this Agreement, which amounts you must pay when due. We have the right to apply or cause to be applied against amounts due to us or any of our affiliates any amounts that we or our affiliates may hold from time to time on your behalf or that we or our affiliates owe to you. Further, if you are delinquent in the payment of any amounts owed to us, we have the right to require you to prepay estimated Royalty Fees and Advertising Fees.

E. Electronic Transfer of Funds. You must sign an electronic transfer of funds authorization, attached as Appendix D, to authorize and direct your bank or financial institution to transfer electronically, on a weekly basis, directly to our account or our affiliates' and to charge to your account all amounts due to us or our affiliates. You must maintain a balance in your account sufficient to allow us and our affiliates to collect the amounts owed when due. You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this subparagraph.

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F. Interest Charges; Late Fees. Any and all amounts that you owe to us or to our affiliates will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual. In addition to interest charges on late Royalty Fee and Advertising Fee payments, you must pay to us a service charge of \$150 for each delinquent report or payment that you owe to us under this Agreement. A payment is delinquent for any of the following reasons: (i) we do not receive the payment on or before the date due; or (ii) there are insufficient funds in your bank account to collect the total payment by a transfer of funds on or after the date due. The service charge is not interest or a penalty, it is only to compensate us for increased administrative and management costs due to late payment.

G. Financial Planning and Management. You must record daily all sales on a cash register tape or similar device. You must keep books and records and submit reports as we periodically require, including but not limited to a monthly profit plan, monthly balance sheet and monthly statement of profit and loss, records of prices and special sales, check registers, purchase records, invoices, sales summaries and inventories, sales tax records and returns, payroll records, cash disbursement journals and general ledger, all of which accurately reflect the operations and condition of your Restaurant operations. You must compile, keep and submit to us the books, records and reports on the forms and using the methods of bookkeeping and

accounting as we periodically may prescribe. The records that you are required to keep for your Restaurant must include detailed daily sales, cost of sales, and other relevant records or information maintained in an electronic media format and methodology we approve. You must provide this information to us according to reporting formats, methodologies and time schedules that we establish from time to time. You also must preserve and retain the books, records and reports for not less than 36 months. You must allow us electronic and manual access to any and all records relating to your Restaurant.

H. Reports and Audit. You must submit your Gross Sales daily via our intranet system. You must verify the accuracy of the Gross Sales figure by Tuesday at midnight of each week for the preceding week. Within 10 days after the end of each month, you must submit to us a report with respect to the preceding calendar month in the form and content as we periodically prescribe. The report must include, but not be limited to, the following information for the preceding month: (i) amount of Gross Sales and gross receipts of the Restaurant, amount of sales tax and the computation of the Royalty Fee and the Advertising Fee; (ii) quantities of products purchased and the sources from which each were obtained; (iii) if we request, copies of your most recent sales tax return, monthly sales summary and monthly balance sheet and statement of profit and loss, including a summary of your costs for utilities, labor, rent and other material cost items (iv) if requested by us to verify your Gross Sales, all such books and records as we may require under our audit policies published from time to time. You also must, at your expense, submit to us within 90 days after the end of each fiscal year a detailed balance sheet, profit and loss statement and statement of cash flows for such fiscal year, prepared on an accrual basis including all adjustments necessary for fair presentation of the financial statements. We may require that the annual financial statements be reviewed by a certified public accountant. You must certify all reports to be true and correct. You acknowledge and agree that we have the right to impose these requirements on you regardless of whether we impose the same requirement on our other franchisees.

We or our authorized representative have the right at all times during the business day to enter the premises where your books and records relative to the Restaurant are kept and to evaluate, copy and audit such books and records. We also have the right to request information from your suppliers and vendors. In the event that any such evaluation or audit reveals any understatement of your Gross Sales, Royalty Fees or Advertising Fees or a variance of 1.25% or more from data reported to us in respect to any other item that is material to the computation of fees or to the analysis of the operation, you must pay for the audit, and in addition to any other rights we may have, we have the right to conduct further periodic audits and evaluations of your books and records as we reasonably deem necessary for up to 3 years thereafter and any further audits and evaluations will be at your sole expense, including, without limitation, professional fees, travel, and room and board expenses directly related thereto. Furthermore, if you intentionally understate or underreport Gross Sales, Royalty Fees or Advertising Fees at any time, or if a subsequent audit or evaluation conducted within the 3-year period reveals any understatement of your Gross Sales, Royalty Fees or Advertising Fees or a variance of 1.25% or more from data reported to us in respect to any other item that is material to the computation of fees or to the analysis of the operation, in addition to any other remedies provided for in this Agreement, at law or in equity, we have the right to terminate this Agreement immediately. In order to verify the information that you supply, we have the right to reconstruct your sales through the inventory extension method or any other reasonable method of analyzing and reconstructing sales. You agree to accept any such reconstruction of sales unless you provide evidence in a form satisfactory to us of your sales within a period of 14 days from the date of notice of understatement or variance. You must fully cooperate with us or our representative in performing these activities and any expenses incurred by us from your lack of cooperation shall be reimbursed by you.

We will keep your financial books, records and reports confidential, unless the information is requested by tax authorities or used as part of a legal proceeding or in a manner as set forth in

subparagraph 11.D.8 or where your information is grouped with similar information from other restaurants to produce shared results like high-low ranges or average gross sales or expenses on a system-wide or regional basis.

YOUR OTHER OBLIGATIONS; NONCOMPETE COVENANTS

10. You agree to comply with the following terms and conditions:

A. Payment of Debts. You agree to pay promptly when due: (i) all payments, obligations, assessments and taxes due and payable to us and our affiliates, vendors, suppliers, lessors, federal, state or local governments, or creditors in connection with your business; (ii) all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Restaurant or business; and (iii) all accounts and other indebtedness of every kind incurred by you in the conduct of the Restaurant or business. In the event you default in making any such payment, we are authorized, but not required, to pay the same on your behalf and you agree promptly to reimburse us on demand for any such payment.

B. Indemnification. You hereby waive all claims against us for damages to property or injuries to persons arising out of the operation of your Restaurant. You must fully protect, indemnify and hold us and our owners, directors, officers, insurers, successors and assigns and our affiliates harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of your Restaurant (regardless of cause or any concurrent or contributing fault or negligence of us or our affiliates) or any breach by you or your failure to comply with the terms and conditions of this Agreement. We also reserve the right to select our own legal counsel to represent our interests, and you must reimburse us for all our costs and all attorneys' fees immediately upon our request as they are incurred.

We hereby waive all claims against you for damages to property or injuries to persons arising out of the operation of our company or affiliate owned restaurants. We must fully protect, indemnify and defend you and your affiliates and hold you and them harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of our company or affiliate owned restaurants (regardless of cause or any concurrent or contributing fault or negligence of you) or any breach by us or our failure to comply with the terms and conditions of this Agreement.

C. Insurance. You must purchase and maintain in full force and effect, at your expense and from a company we accept, insurance that insures both you and us, our affiliates and any other persons we designate by name. The insurance policies must include, at a minimum: (i) special/causes of loss coverage forms (sometimes called "All Risk coverage") on the Restaurant and all fixtures, equipment, supplies and other property used in the operation of the Restaurant, for full repair and replacement value of the machinery, equipment and improvements, including full coverage for loss of income resulting from damage to the Restaurant without any co-insurance clause, except that an appropriate deductible clause is permitted; (ii) business interruption insurance covering a minimum 12 months loss of income, including coverage for our Royalty Fees; (iii) comprehensive general liability insurance, including product liability insurance and contractual liability insurance, with minimum limits of \$1,000,000 per occurrence and \$2,000,000 aggregate; (iv) liquor liability coverage with minimum limits of \$1,000,000 per occurrence; (v) "Per Location" aggregate limits when multiple restaurant locations are insured under one comprehensive general liability policy and/or liquor liability policy(ies); (vi) automobile liability insurance, including owned, hired and non-owned vehicle coverage with a minimum combined single limit of \$1,000,000 per claim (vii) workers' compensation and employer's liability insurance covering all of your employees (viii) umbrella liability insurance, which also includes liquor liability, employer's liability and automobile liability, with minimum limits of \$2,000,000 per occurrence; (ix) Buffalo Wild Wings, Inc., Buffalo Wild Wings International, Inc. and affiliates (collectively, "BWW Entities") as named additional insureds on all liability policies required by this

subparagraph; (x) severability of interests or separation of insureds provisions must be included in the liability policies and all policies must be primary and non-contributing with any insurance policy carried by the BWW Entities; and (xi) any other such insurance coverages or amounts as required by law or other agreement related to the Restaurant. The insurance coverages referenced in (iii), (v), (vi), (vii), (viii), (ix); (x) and (xi) of this subparagraph must commence as of the date of this Agreement. The insurance coverages referenced in (i) and (ii) of this subparagraph must commence as of the date construction begins at the Restaurant. The liquor liability insurance referenced in (iv) of this subparagraph must commence no later than the date that liquor begins to arrive at the Restaurant site.

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You must deliver to us at commencement and thereafter annually or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this subparagraph. The insurance certificate must show our status as an additional insured (as noted in (ix) above) and provide that we will be given 30 days' prior written notice of material change in or termination or cancellation of the policy. We also may request copies of all policies. We may from time to time modify the required minimum limits (including a significant increase to the umbrella policy referenced in (viii) above) and require additional insurance coverages, by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the BUFFALO WILD WINGS system, standards of liability and higher damage awards. If you do not procure and maintain the insurance coverage required by this Agreement (including any modifications referenced in the preceding sentence), we have the right, but not the obligation, to procure insurance coverage and to charge same to you, together with a reasonable fee for the expenses we incur in doing so, payable by you immediately upon notice.

D. Noncompete Covenants. You agree that you will receive valuable training and Confidential Information that you otherwise would not receive or have access to but for the rights licensed to you under this Agreement. You therefore agree to the following noncompetition covenants:

1. Unless otherwise specified, the term "you" as used in this subparagraph 10.D includes, collectively and individually, your Control Person, all Principal Owners, guarantors, officers, directors, members, managers, partners, as the case may be, and holders of any ownership interest in you. We may require you to obtain from your Control Person and other individuals identified in the preceding sentence a signed non-compete agreement in a form satisfactory to us that contains the non-compete provisions of this subparagraph 10.D.

2. You covenant that during the term of this Agreement you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in any restaurant or food business other than one authorized by this Agreement or any other agreement between us and you, except if, at the Effective Date of this Agreement, you operate or hold an interest in a restaurant or food business other than a casual or fast casual restaurant. Under no circumstances may you be a member of a franchisee advisory council, committee, board or other similar group for a restaurant or food business, unless you receive our prior written approval.

3. You covenant that you will not, for a period of 2 years after the expiration or termination of this Agreement, regardless of the cause of termination, or within 2 years of the sale of the Restaurant or any interest in you, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in (i) a casual or fast casual restaurant that sells or offers to dispense prepared food products the same as or

similar to the type sold in BUFFALO WILD WINGS restaurants; (ii) a video entertainment oriented, casual or fast casual restaurant or bar business; or (iii) any business establishment that sells or offers to dispense prepared chicken wings or legs:

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- a. At the premises of the former Restaurant;
- b. Within a 5-mile radius of the former Restaurant; or
- c. Within a 5-mile radius of the location of any other business or restaurant using the BUFFALO WILD WINGS System, whether franchised or owned by you or our affiliates.

For purposes of this subparagraph, a video entertainment oriented, casual or fast casual restaurant or bar is one with more than two screens, or any screen larger than 21 inches, available for the viewing of different events.

4. You agree that the length of time in subpart (3) will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement.

#### TRANSFER OF FRANCHISE

11. You agree that the following provisions govern any transfer or proposed transfer:

A. Transfers. We have entered into this Agreement with specific reliance upon your financial qualifications, experience, skills and managerial qualifications as being essential to the satisfactory operation of the Restaurant. Consequently, neither your interest in this Agreement nor in the Restaurant may be transferred or assigned to or assumed by any other person or entity (the "assignee"), in whole or in part, unless you have first tendered to us the right of first refusal to acquire this Agreement in accordance with subparagraph 11.F, and, if we do not exercise such right, unless our prior written consent is obtained, the transfer fee provided for in subparagraph 11.C is paid, and the transfer conditions described in subparagraph 11.D are satisfied. Any sale (including installment sale), lease, pledge, management agreement, contract for deed, option agreement, assignment, bequest, gift or otherwise, or any arrangement pursuant to which you turn over all or part of the daily operation of the business to a person or entity who shares in the losses or profits of the business in a manner other than as an employee will be considered a transfer for purposes of this Agreement. Specifically, but without limiting the generality of the foregoing, the following events constitute a transfer and you must comply with the right of first refusal, consent, transfer fee, and other transfer conditions in this Paragraph 11:

1. Any change or any series of changes in the percentage of the franchisee entity owned, directly or indirectly, by any Principal Owner which results in any addition or deletion of any person or entity who qualifies as a Principal Owner;
2. Any change in the general partner of a franchisee that is a general, limited or other partnership entity; or
3. For purposes of this subparagraph 11.A, a pledge or seizure of any ownership interests in you or in any Principal Owner that affects the ownership of 25% or more of you or any Principal Owner, which we have not approved in advance in writing.

In the event of your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency

law, if your legal representative, successor, receiver or trustee desires to succeed to your interest in this Agreement or the business conducted hereunder, such person first must notify us, tender the right of first refusal provided for in subparagraph 11.F, and if we do not exercise such right, must apply for and obtain our consent to the transfer, pay the transfer fee provided for in subparagraph 11.C, and satisfy the transfer conditions described in subparagraph 11.D. In addition, you or the assignee must pay the attorneys' fees and costs that we incur in any bankruptcy or insolvency proceeding pertaining to you.

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You may not place in, on or upon the location of the Restaurant, or in any communication media or any form of advertising, any information relating to the sale of the Restaurant or the rights under this Agreement, without our prior written consent.

B. Consent to Transfer. We will not unreasonably withhold our consent to transfer, provided that all of the conditions described in this Paragraph 11 have been satisfied. Application for our consent to a transfer and tender of the right of first refusal provided for in subparagraph 11.F must be made by submission of our form of application for consent to transfer, which must be accompanied by the documents (including a copy of the proposed purchase or other transfer agreement) or other required information. The application must indicate whether you or a Principal Owner proposes to retain a security interest in the property to be transferred. No security interest may be retained or created, however, without our prior written consent and except upon conditions acceptable to us. Any agreement used in connection with a transfer shall be subject to our prior written approval, which approval will not be withheld unreasonably. You immediately must notify us of any proposed transfer and must submit promptly to us the application for consent to transfer. Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement will be void, your interest in this Agreement will be voluntarily abandoned, and it will provide us with the right to elect either to deem you in default and terminate this Agreement or to collect from you and the guarantors a transfer fee equal to two times the transfer fee provided for in subparagraph 11.C.

C. Transfer Fee. You must pay to us a \$12,500 transfer fee every time you submit an application for consent to transfer. The transfer fee must be submitted at the time you submit the application for consent to transfer. If the transfer is part of a simultaneous, multiple restaurant transfer, the transfer fee will be modified as follows: the transfer fee for the first restaurant is \$12,500, the transfer fee for the second through tenth restaurants is \$2,500 per restaurant, with no additional transfer fee beyond the tenth restaurant. If, however, our costs and expenses in reviewing and processing the transfer, including attorneys' fees, exceed the applicable transfer fee, then in addition to the transfer fee you agree to cover those additional costs and expenses up to \$10,000. The transfer fee is nonrefundable even if, for any reason, the proposed transfer does not occur, in which case the transfer fee you paid us for the failed transfer will not be applied to any future attempted transfer.

D. Conditions of Transfer. We condition our consent to any proposed transfer, whether to an individual, a corporation, a partnership or any other entity upon the following:

1. Assignee Requirements. The assignee must meet all of our then-current requirements for any potential new franchisee at the time of the proposed transfer.

2. Payment of Amounts Owed. All amounts owed by you to us or any of our affiliates, your suppliers or any landlord for the Restaurant premises and Authorized Location, or upon which we or any of our affiliates have any contingent liability must be paid in full.

3. Reports. You must have provided all required reports to us in accordance with subparagraphs 9.G and H.

4. Modernization. You must have complied with the provisions of subparagraph 5.E.

5. Guarantee. In the case of an installment sale for which we have consented to you or any Principal Owner retaining a security interest or other financial interest in this Agreement or the business operated thereunder, you or such Principal Owner, and the guarantors, are obligated to guarantee the performance under this Agreement until the final close of the installment sale or the termination of such interest, as the case may be.

6. General Release. You, each Principal Owner and each guarantor must sign a general release of all claims arising out of or relating to this Agreement, your Restaurant or the parties' business relationship, in the form we designate, releasing us and our affiliates.

7. Execution of Then Current Franchise Agreement. The assignee executes our then-current form of franchise agreement (modified to reflect that the term is only the remainder of the term under this Agreement and other modifications to reflect that the agreement relates to a transfer), the terms of which may differ from this Agreement, including higher fees and modifications to the Designated Area (although in no event will the revised Designated Area have a residential population of the lesser of approximately 30,000 to 40,000 or the residential population that existed as of the Effective Date).

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8. Training. The assignee must, at your or assignee's expense, comply with the training requirements of subparagraph 7.B.

9. Financial Reports and Data. We have the right to require you to prepare and furnish to assignee and/or us such financial reports and other data relating to the Restaurant and its operations reasonably necessary or appropriate for assignee and/or us to evaluate the Restaurant and the proposed transfer. You agree that we have the right to confer with proposed assignees and furnish them with information concerning the Restaurant and proposed transfer without being held liable to you, except for intentional misstatements made to an assignee. Any information furnished by us to proposed assignees is for the sole purpose of permitting the assignees to evaluate the Restaurant and proposed transfer and must not be construed in any manner or form whatsoever as earnings claims or claims of success or failure.

10. Other Franchise Agreements. You must be in full compliance with all your obligations under any and all Franchise Agreements and Area Development Agreements executed between you and us.

11. Other Conditions. You must have complied with any other conditions that we reasonably require from time to time as part of our transfer policies, provided that such conditions will not be more stringent than any conditions otherwise imposed on new franchisees signing the then current franchise agreement.

E. Death, Disability or Incapacity. If any individual who is a Principal Owner dies or becomes disabled or incapacitated and the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as a Principal Owner, such person or entity must apply for our consent under subparagraph 11.B, comply with the training requirements of subparagraph 7.B if the Principal Owner also was the Control Person (unless the heir or successor-in-interest finds another Principal Owner to qualify as the Control Person), pay the applicable transfer fee under subparagraph 11.C, and satisfy the transfer conditions under subparagraph 11.D, as in any other case of a proposed transfer, all within 180 days of the

death or event of disability or incapacity. During any transition period to an heir or successor-in-interest, the Restaurant still must be operated in accordance with the terms and conditions of this Agreement. If the assignee of the decedent or disabled or incapacitated person is the spouse or child of such person, no transfer fee will be payable to us and we will not have a right of first refusal as set forth in subparagraph 11.F.

F. Right of First Refusal. If you propose to transfer or assign this Agreement or your interest herein or in the business, in whole or in part, to any third party, including, without limitation, any transfer contemplated by subparagraph 11.E or any transfer described in subparagraph 11.A, you first must offer to sell to us your interest under the same terms. In the event of a bona fide offer from such third party, you must obtain from the third-party offeror and deliver to us a statement in writing, signed by the offeror and by you, of the terms of the offer. In the event the proposed transfer results from a change in control of the franchisee or a Principal Owner under subparagraphs 11.A.1 through 11.A.3, or your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, you first must offer to sell to us your interest in this Agreement and the land, building, equipment, furniture and fixtures, and any leasehold interest used in the operation of your Restaurant. Unless otherwise agreed to in writing by us and you, the purchase price for our purchase of assets in the event of a transfer that occurs by a change in control or insolvency or bankruptcy filing will be established by a qualified appraiser selected by the parties and in accordance with the price determination formula established in subparagraph 14.B in connection with an asset purchase upon expiration. In addition, unless otherwise agreed to in writing by us and you, the transaction documents, which we will prepare, will be those customary for this type of transaction and will include representations and warranties then customary for this type of transaction. If the parties cannot agree upon the selection of such an appraiser, a Judge of the United States District Court for the District in which the Authorized Location is located will appoint one upon petition of either party.

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You or your legal representative must deliver to us a statement in writing incorporating the appraiser's report and all other information we have requested. We then have 45 days from our receipt of the statement setting forth the third-party offer or the appraiser's report and other requested information to accept the offer by delivering written notice of acceptance to you. Our acceptance of any right of first refusal will be on the same price and terms set forth in the statement delivered to us; provided, however, we have the right to substitute equivalent cash for any noncash consideration included in the offer. If we fail to accept the offer within the 45-day period, you will be free for 60 days after such period to effect the disposition described in the statement delivered to us provided such transfer is in accordance with this Paragraph 11. You may effect no other sale or assignment of you, this Agreement or the business without first offering the same to us in accordance with this subparagraph 11.F.

G. Transfer to Immediate Family Members. If the assignee is your spouse or child, no transfer fee will be payable to us, although you must reimburse us for our reasonable expenses, in an amount not to exceed \$3,500. Further, if the transfer is to a spouse or child, we will waive our right of first refusal described in subparagraph 11.F and will not require that the individual execute the then-current franchise agreement, as required by subparagraph 11.D.E. All other provisions of this Paragraph 11 apply in full force and effect to the type of transfer described in this subparagraph.

H. Transfer by Us. We have the right to sell or assign, in whole or in part, our interest in this Agreement.

#### DISPUTE RESOLUTION

12. The following provisions apply with respect to dispute resolution:

A. Arbitration; Mediation. Except as qualified below, any dispute between you and us or any of our or your affiliates arising

under, out of, in connection with or in relation to this Agreement, any lease or sublease for the Restaurant or Authorized Location, the parties' relationship, or the business must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association. The arbitration must take place in Minneapolis, Minnesota, or at such other place as may be mutually agreeable to the parties. Any arbitration must be resolved on an individual basis and not joined as part of a class action or the claims of other parties. The arbitrators must follow the law and not disregard the terms of this Agreement. The decision of the arbitrators will be final and binding on all parties to the dispute; however, the arbitrators may not under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; or (iii) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. A judgment may be entered upon the arbitration award by any state or federal court in Minnesota or the state of the Authorized Location.

Before the filing of any arbitration, the parties agree to mediate any dispute that does not include injunctive relief or specific performance actions covered under subparagraph 12.B, provided that the party seeking mediation must notify the other party of its intent to mediate prior to the termination of this Agreement. Mediation will be conducted by a mediator or mediation program agreed to by the parties. Persons authorized to settle the dispute must attend any mediation session. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within 30 days of the notice from the party seeking to initiate the mediation procedures. If not resolved within 30 days, the parties are free to pursue arbitration. Mediation is a compromise negotiation for purposes of the federal and state rules of evidence, and the entire process is confidential.

B. Injunctive Relief. Notwithstanding subparagraph 12.A above, you recognize that the Restaurant is one of a large number of restaurants and stores identified by the Trademarks and similarly situated and selling to the public similar products, and the failure on the part of a single franchisee to comply with the terms of its agreement could cause irreparable damage to us and/or to some or all of our other franchisees. Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that the parties might otherwise have by virtue of any breach of this Agreement by the other party. Finally, we and our affiliates have the right to commence a civil action against you or take other appropriate action for the following reasons: to collect sums of money due to us; to compel your compliance with trademark standards and requirements to protect the goodwill of the Trademarks; to compel you to compile and submit required reports to us; or to permit evaluations or audits authorized by this Agreement.

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C. Attorneys' Fees. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for the Restaurant or Authorized Location, or the business will be entitled to recover its reasonable attorneys' fees and costs.

#### DEFAULT AND TERMINATION

13. The following provisions apply with respect to default and termination:

A. Defaults. You are in default if we determine that you or any Principal Owner or guarantor has breached any of the terms of this

Agreement or any other agreement between you and us or our affiliates, which without limiting the generality of the foregoing includes making any false report to us, intentionally understating or underreporting or failure to pay when due any amounts required to be paid to us or any of our affiliates, conviction of you, a Principal Owner, or a guarantor of (or pleading no contest to) any misdemeanor that brings or tends to bring any of the Trademarks into disrepute or impairs or tends to impair your reputation or the goodwill of any of the Trademarks or the Restaurant, any felony, filing of tax or other liens that may affect this Agreement, voluntary or involuntary bankruptcy by or against you or any Principal Owner or guarantor, insolvency, making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors.

B. Termination by Us. We have the right to terminate this Agreement in accordance with the following provisions:

1. Termination After Opportunity to Cure. Except as otherwise expressly provided in this subparagraph 13.B or elsewhere in the Agreement: (i) you will have 30 days from the date of our issuance of a written notice of default to cure any default under this Agreement, other than a failure to pay amounts due or submit required reports, in which case you will have 10 days to cure those defaults; (ii) your failure to cure a default within the 30-day or 10-day period will provide us with good cause to terminate this Agreement; (iii) the termination will be accomplished by mailing or delivering to you written notice of termination that will identify the grounds for the termination; and (iv) the termination will be effective immediately upon our issuance of the written notice of termination.

2. Immediate Termination With No Opportunity to Cure. In the event any of the following defaults occurs, you will have no right or opportunity to cure the default and this Agreement will terminate effective immediately on our issuance of written notice of termination: any material misrepresentation or omission in your franchise application, your voluntary abandonment of this Agreement or the Authorized Location, the loss or revocation of your liquor license or suspensions totaling 90 days over any 5 year period, the loss of your lease, the failure to timely cure a default under the lease, the loss of your right of possession or failure to reopen or relocate under subparagraph 5.D, the closing of the Restaurant by any state or local authorities for health or public safety reasons, any unauthorized use of the Confidential Information, insolvency of you, a Principal Owner, the Control Person or guarantor, you, a Principal Owner, the Control Person or guarantor making an assignment or entering into any similar arrangement for the benefit of creditors, any default under this Agreement that materially impairs the goodwill associated with any of the Trademarks, conviction of you, any Principal Owners, the Control Person, or guarantors of (or pleading no contest to) any felony regardless of the nature of the charges, or any misdemeanor that brings or tends to bring any of the Trademarks into disrepute or impairs or tends to impair your reputation or the goodwill of the Trademarks or the Restaurant, intentionally understating or underreporting Gross Sales, Royalty Fees or Advertising Fees or any understatement or 1.25% variance on a subsequent audit within a 3 year period under subparagraph 9.H, failure to open the Restaurant by the date set forth in subparagraph 2.C, failure to execute the lease (including the Lease Addendum) or the Purchase Agreement for the Restaurant by the date stated subparagraph 5.A, failure to start substantial construction of the Restaurant by the date established in subparagraph 5.B, failure to secure financing for the construction of the Restaurant by the date set forth in subparagraph 5.B, violation by you of the provisions of subparagraph 15.P, any unauthorized transfer or assignment in violation of Paragraph 11 or any default by you that is the second same or similar default within any 12-month consecutive period or the fourth default of any type within any 24-month consecutive period.

3. Immediate Termination After No More than 24 Hours to Cure. In the event that a default under this Agreement occurs that violates any health safety or sanitation law or regulation, violates any system standard as to food handling, cleanliness, health and sanitation, or if the operation of the Restaurant presents a health or safety hazard to your customers or to the public (for example, improper cooking or storage procedures used for chicken wings): (i) you will have no more than 24 hours after we provide written notice of the default to cure the default; and (ii) if you fail to cure the default within the 24 hour period, this Agreement will terminate effective immediately on our issuance of written notice of termination.

4. Effect of Other Laws. The provisions of any valid, applicable law or regulation prescribing permissible grounds, cure rights or minimum periods of notice for termination of this franchise supersede any provision of this Agreement that is less favorable to you.

C. Termination by You. You may terminate this Agreement as a result of a breach by us of a material provision of this Agreement provided that: (i) you provide us with written notice of the breach that identifies the grounds for the breach; and (ii) we fail to cure the breach within 30 days after our receipt of the written notice. If we fail to cure the breach, the termination will be effective 60 days after our receipt of your written notice of breach. Your termination of this Agreement under this Paragraph will not release or modify your Post-Term obligations under Paragraph 14 of this Agreement.

#### POST-TERM OBLIGATIONS

14. Upon the expiration or termination of this Agreement:

A. Reversion of Rights; Discontinuation of Trademark Use. All of your rights to the use of the Trademarks and all other rights and licenses granted herein and the right and license to conduct business under the Trademarks at the Authorized Location will revert to us without further act or deed of any party. All of your right, title and interest in, to and under this Agreement will become our property. Upon our demand, you must assign to us or our assignee your remaining interest in any lease then in effect for the Restaurant (although we will not assume any past due obligations). You must immediately comply with the post-term noncompete obligations under subparagraph 10.D, cease all use and display of the Trademarks and of any proprietary material (including the manual and the product preparation materials) and of all or any portion of point-of-sale materials furnished or approved by us, assign all right, title and interest in the telephone numbers for the Restaurant and cancel or assign, at our option, any assumed name rights or equivalent registrations filed with authorities. You must pay all sums due to us, our affiliates or designees and all sums you owe to third parties that have been guaranteed by us or any of our affiliates. You must immediately return to us, at your expense, all copies of the manuals and product preparation materials then in your possession or control or previously disseminated to your employees and continue to comply with the confidentiality provisions of subparagraph 6.J. You must promptly at your expense and subject to subparagraph 14.B, remove or obliterate all Restaurant signage, displays or other materials (electronic or tangible) in your possession at the Authorized Location or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks and so alter the appearance of the Restaurant as to differentiate the Restaurant unmistakably from duly licensed restaurants identified by the Trademarks. If, however, you refuse to comply with the provisions of the preceding sentence within 30 days, we have the right to enter the Authorized Location and remove all Restaurant signage, displays or other materials in your possession at the Authorized Location or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks, and you must reimburse us for our costs incurred. Notwithstanding the foregoing, in the event of expiration or termination of this Agreement, you will remain liable for your obligations pursuant to this Agreement or any other agreement

between you and us or our affiliates that expressly or by their nature survive the expiration or termination of this Agreement.

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B. Purchase Option. We have the right to purchase or designate a third party that will purchase all or any portion of the assets of your Restaurant that are owned by you or any of your affiliates including, without limitation, the land, building, equipment, fixtures, signage, furnishings, supplies, leasehold improvements, liquor license and inventory of the Restaurant at a price determined by a qualified appraiser (or qualified appraisers if one party believes it is better to have a real estate appraiser appraise the value of the land and building and a business appraiser appraise the Restaurant's other assets) selected with the consent of both parties, provided we give you written notice of our preliminary intent to exercise our purchase rights under this Paragraph within 30 days after the date of the expiration or termination of this Agreement. If the parties cannot agree upon the selection of an appraiser(s), one or both will be appointed by a Judge of the United States District Court for the District in which the Authorized Location is located upon petition of either party.

In the event the Agreement is terminated (rather than if it expires), the price determined by the appraiser(s) will be the reasonable fair market value of the assets based on their continuing use in, as, and for the operation of a BUFFALO WILD WINGS Restaurant and the appraiser will designate a price for each category of asset (e.g., land, building, equipment, fixtures, etc.), but shall not include the value of any goodwill of the business, as the goodwill of the business is attributable to the Trademarks and the System. In the event that the Agreement expires (rather than if it is terminated), the price determined by the appraiser(s) will be the reasonable fair market value of the assets, as stated in the prior sentence, plus the value of any goodwill of the business, attributable to your operation of the Restaurant. In the event of expiration, however, the parties agree that you may elect not to include the land in the appraisal and option to purchase process. In this instance, you may elect to lease the land to us or our designee for a lease term of at least 10 years with two 5-year options to renew and for a primary rate equal to fair market value according to the applicable Building Office Management Association Guidelines, unless otherwise agreed to by the parties.

Within 45 days after our receipt of the appraisal report, we or our designated purchaser will identify the assets, if any, that we intend to purchase at the price designated for those assets in the appraisal report. We or our designated purchaser and you will then proceed to complete and close the purchase of the identified assets, and to prepare and execute purchase and sale documents customary for the assets being purchased, in a commercially reasonable time and manner. We and you will each pay one-half of the appraiser's fees and expenses. Our interest in the assets of the Restaurant that are owned by you or your affiliates will constitute a lien thereon and may not be impaired or terminated by the sale or other transfer of any of those assets to a third party. Upon our or our designated purchaser's exercise of the purchase option and tender of payment, you agree to sell and deliver, and cause your affiliates to sell and deliver, the purchased assets to us or our designated purchaser, free and clear of all encumbrances, and to execute and deliver, and cause your affiliates to execute and deliver, to us or our designated purchaser a bill of sale therefor and such other documents as may be commercially reasonable and customary to effectuate the sale and transfer of the assets being purchased.

If we do not exercise our option to purchase under this subparagraph, you may sell or lease the Restaurant premises to a third party purchaser, provided that your agreement with the purchaser includes a covenant by the purchaser, which is expressly enforceable by us as a third party beneficiary, pursuant to which the purchaser agrees, for a period of 2 years after the expiration or termination of this Agreement, not to use the premises for the operation of a restaurant business that has a menu or method of operation similar to that employed by our company-owned or franchised restaurants.

C. Claims. You and your Principal Owners and guarantors may not assert any claim or cause of action against us or our affiliates relating to this Agreement or the BUFFALO WILD WINGS business after the shorter period of the applicable statute of limitations or one year following the effective date of termination of this Agreement; provided that where the one-year limitation of time is prohibited or invalid by or under any applicable law, then and in that event no suit or action may be commenced or maintained unless commenced within the applicable statute of limitations.

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#### GENERAL PROVISIONS

15. The parties agree to the following provisions:

A. Severability. Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding must, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

B. Waiver/Integration. No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach. Subject to our rights to modify Appendices and/or standards and as otherwise provided herein, this Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us. This Agreement together with the addenda and appendices hereto and the application form executed by you requesting us to enter into this Agreement constitute the sole agreement between the parties with respect to the entire subject matter of this Agreement and embody all prior agreements and negotiations with respect to the business. You acknowledge and agree that you have not received any warranty or guarantee, express or implied, as to the potential volume, profits or success of your business. There are no representations or warranties of any kind, express or implied, except as contained herein and in the aforesaid application.

C. Notices. Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid and addressed as follows:

1. If intended for us, addressed to General Counsel,  
Buffalo Wild Wings International, Inc., 1600 Utica Avenue  
South, Suite 700, Minneapolis, Minnesota 55416;

2. If intended for you, addressed to you at  
\_\_\_\_\_ or at the Authorized Location; or,

in either case, as the intended party may change such address by written notice to the other party. Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this subparagraph.

D. Authority. Any modification, consent, approval, authorization or waiver granted hereunder required to be effective by signature will be valid only if in writing executed by the Control Person or, if on behalf of us, in writing executed by our President or one of our authorized Vice Presidents.

E. References. If the franchisee is 2 or more individuals, the individuals are jointly and severally liable, and references to you in this Agreement includes all of the individuals. Headings and captions contained herein are for convenience of reference and may not be taken into account in construing or interpreting this Agreement.

F. Guarantee. All Principal Owners of a franchisee that is a corporation, limited liability company, partnership or other legal entity must execute the form of undertaking and guarantee at the end of this Agreement. Any person or entity that at any time after the date of this Agreement becomes a Principal Owner pursuant to the provisions of Paragraph 11 or otherwise must execute the form of undertaking and guarantee at the end of this Agreement within 10 days from the date such person or entity becomes a Principal Owner; provided, however, that any person or entity who becomes a Principal Owner shall automatically acquire all the obligations of a Principal Owner under this Agreement at the time such person or entity becomes a Principal Owner. Before approving and entering into any transaction that would make any person or entity a Principal Owner, you must notify such person about the content of this subparagraph.

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G. Successors/Assigns. Subject to the terms of Paragraph 11 hereof, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

H. Interpretation of Rights and Obligations. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. Applicable Law and Waiver. Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Paragraph 12 of this Agreement, the parties' rights under this Agreement, and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state in which the Authorized Location is located. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state in which the Authorized Location is located.

2. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify the requirements of subparagraph 5.E and other express limitations set forth in this Agreement.

3. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

I. Venue. Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Paragraph 12, must be brought in the Federal District Court for the District of Minnesota or in Hennepin County District Court, Fourth Judicial District, Minneapolis, Minnesota. Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this subparagraph will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this subparagraph, and with a complete understanding thereof, agree to be bound in the manner set forth.

J. Jury Waiver. All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement.

K. Waiver of Punitive Damages. You and your affiliates and us and our affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained.

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L Relationship of the Parties. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. Without limiting the generality of the foregoing, we shall have no liability in connection with or related to the products or services rendered to you by any third party, even if we required, approved or consented to the product or service or designated or approved the supplier.

M. Force Majeure. In the event of any failure of performance of this Agreement according to its terms by any party due to force majeure will not be deemed a breach of this Agreement. For purposes of this Agreement, "force majeure" shall mean acts of God, State or governmental action, riots, disturbance, war, strikes, lockouts, slowdowns, prolonged shortage of energy supplies or any raw material, epidemics, fire, flood, hurricane, typhoon, earthquake, lightning and explosion or other similar event or condition, not existing as of the date of signature of this Agreement, not reasonably foreseeable as of such date and not reasonably within the control of any party hereto, which prevents in whole or in material part the performance by one of the parties hereto of its obligations hereunder.

N. Adaptations and Variances. Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, we have the right to vary the Menu Items and other standards, specifications, and requirements for any franchised restaurant or franchisee based upon the customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such restaurant or store, franchisee's business or the System. We are not required to grant to you a like or other variation as a result of any variation from standard menus, specifications or requirements granted to any other franchisee. You acknowledge that you are aware that our other franchisees operate under a number of different forms of agreement that were entered into at different times and that, consequently, the obligations and rights of the parties to other agreements may differ materially in certain instances from your rights and obligations under this Agreement.

O. Notice of Potential Profit. We and/or our affiliates may from time to time make available to you or require you to purchase goods, products and/or services for use in your Restaurant on the sale

of which we and/or our affiliates may make a profit. Further, we and/or our affiliates may from time to time receive consideration from suppliers and/or manufacturers in respect to sales of goods, products or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we and/or our affiliates are entitled to said profits and/or consideration.

P. Interference with Employment Relations. During the term of this Agreement, neither we nor you may employ or seek to employ, directly or indirectly, any person who is at the time or was at any time during the prior 6 months employed in any type of managerial position by the other party or any of its affiliates, or by any franchisee in the system. In the event that you violate this provision, we will have the right to terminate this Agreement without opportunity to cure pursuant to subparagraph 13.B.2. In addition, any party who violates this provision agrees to pay as fair and reasonable liquidated damages (but not as a penalty) an amount equal to 2 times the annual compensation that the person being hired away was receiving at the time the violating party offers her/him employment. You agree that this amount is for the damages that the non-violating party will suffer for the loss of the person hired away by the other party, including the costs of finding, hiring and training a new employee and for the loss of the services and experience of the employee hired away, and that it would be difficult to calculate with certainty the amount of damage that the non-violating party will incur. Notwithstanding the foregoing, if a court determines that this liquidated damages payment is unenforceable, then the non-violating party may pursue all other available remedies, including consequential damages. This subparagraph will not be violated if (i) at the time we or you employ or seek to employ the person, the former employer has given its written consent or (ii) we employ or seek to employ the person in connection with the transfer of the Restaurant to us or any of our affiliates. The parties acknowledge and agree that any franchisee from whom an employee was hired by you in violation of this subparagraph shall be a third-party beneficiary of this provision, but only to the extent they may seek compensation from you.

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Q. National Consumer Price Index. We may adjust the maximum modernization amount (subparagraph 5.E) every five year period, as noted in subparagraph 5.E, in proportion to the five-year change in the National Consumer Price Index - All Urban Consumers as reported for each calendar year by the U.S. Department of Labor (or the successor index or agency thereto) using 2003 as the base year, and as so adjusted will apply to the maximum modernization expenditure amount, subsequent to the adjustment date but prior to the next adjustment date.

R. Updating Your Franchise Agreement. If at any time during the term of this Agreement you and us enter into a subsequent franchise agreement (the "Subsequent Agreement") granting you the right to operate another BUFFALO WILD WINGS restaurant and the terms of the Subsequent Agreement are different from the terms of this Agreement, you will have the right to request that this Agreement be replaced by a franchise agreement containing terms and conditions similar to the Subsequent Agreement (the "New Agreement"), but such right shall be conditioned upon you meeting all the conditions stipulated in subparagraph 4.B of this Agreement, except that you shall pay a fee of only \$2,500; provided, however, that the term under the New Agreement shall be equal to the term left under this Agreement at the time of the execution of the New Agreement. You must exercise the rights granted under this subparagraph within 30 days after the date you execute the Subsequent Agreement.

S. Effective Date. We will designate the "Effective Date" of this Agreement in the space provided on the cover page. If no Effective Date is designated on the cover page, the Effective Date is the date when we sign this Agreement. However, as described in subparagraph 5.A, you do not have the right to, and may not, open and commence operation of a Restaurant at the Authorized Location until we notify you that you have satisfied all of the pre-opening conditions set forth in this Agreement.

T. Acknowledgment of Prohibition on Insider Trading. Federal law and our parent company's policy prohibit purchasing or selling stock in Buffalo Wild Wings, Inc. ("BWW") by anyone in possession of material, non-public information concerning BWW. While it is not possible to define "material information" to cover every set of circumstances that might arise, a general guide is that information is considered "material" if there is a substantial likelihood that a reasonable investor would consider it important in determining whether to buy, sell or hold stock. Violations of insider trading laws may be punishable by fines and/or imprisonment. During the terms of this Agreement, you may be provided with material, non-public information regarding BWW. You hereby acknowledge that you are familiar with insider trading laws and will not purchase or sell BWW stock while in possession of material, non-public information.

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IN WITNESS WHEREOF, the parties have executed this Franchise Agreement on the dates written below.

FRANCHISEE:

US:

BUFFALO WILD WINGS INTERNATIONAL, INC.

Date: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

By: Sally J. Smith

-----  
Its: President & CEO

By: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

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PERSONAL GUARANTY AND AGREEMENT TO BE BOUND  
PERSONALLY BY THE TERMS AND CONDITIONS  
OF THE FRANCHISE AGREEMENT

In consideration of the execution of the Franchise Agreement (the "Agreement") between BUFFALO WILD WINGS INTERNATIONAL, INC. ("we" or "us") and \_\_\_\_\_ (the "Franchisee"), dated\_\_\_\_\_, 20\_\_\_\_ and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Franchisee, including without limitation the arbitration and other dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement, including but not limited to the non-compete provisions in subparagraph 10.D, and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Agreement.

The undersigned waive (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; (3) any right he/she may have to require that an action be brought against the Franchisee or any other person as a condition of liability; and (4) notice of any changes permitted by the terms of the Agreement or agreed to by the Franchisee.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the Franchisee or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the Franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned; and (3) this Personal Guaranty shall apply in all modifications to the Agreement of any nature agreed to by Franchisee with or without the undersigned receiving notice thereof.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of our successors and assigns.

FRANCHISEE:

PERSONAL GUARANTORS:

_____	_____
Individually	Individually
_____	_____
Print Name	Print Name
_____	_____
Address	Address
_____	_____
City State Zip Code	City State Zip Code
_____	_____
Telephone	Telephone

_____	_____
Individually	Individually
_____	_____
Print Name	Print Name
_____	_____
Address	Address
_____	_____
City State Zip Code	City State Zip Code

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Telephone

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OWNERSHIP AND MANAGEMENT ADDENDUM TO  
BUFFALO WILD WINGS(R) FRANCHISE AGREEMENT

1. Control Person. You represent and warrant to us that the following person, and only the following person is the Control Person:

NAME	TITLE	ADDRESS
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2. Ownership. You represent and warrant to us that the following person(s) and entities, and only the following person(s) and entities, have ownership interests in the franchisee entity:

NAME	HOME ADDRESS	PERCENTAGE OF INTEREST
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3. Unit General Manager. You represent and warrant to us that the following person, and only the following person, is your Unit General Manager:

NAME	TITLE	ADDRESS
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4. Change. You must immediately notify us in writing of any change in the information contained in this Addendum and, at our request, prepare and sign a new Addendum containing the correct information.

5. Effective Date. This Addendum is effective as of this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

\_\_\_\_\_  
Your Initials

\_\_\_\_\_  
Our Initials

Appendix A to the Franchise Agreement

TRADEMARKS

You have the right to use the following Trademarks in accordance with the terms of the Franchise Agreement:

Service Mark:	BUFFALO WILD WINGS
Registration No.:	2,239,550
Registration Date:	April 13, 1999

Service Mark: BUFFALO WILD WINGS GRILL & BAR (Design Mark)  
Registration No.: 2,187,765  
Registration Date: September 8, 1998

[LOGO OMITTED]

Service Mark: BETTER-BE-READY BLAZIN'  
Registration No.: 2,433,893  
Registration Date: March 6, 2001

Service Mark: HOME OF THE REAL WING  
Registration No.: 2,247,812  
Registration Date: May 25, 1999

Service Mark: SOMETHING WILD HAS COME TO TOWN  
Registration No.: 2,234,404  
Registration Date: March 23, 1999

Service Mark: GOTTA WING IT  
Registration No.: 2,556,785  
Registration Date: April 2, 2002

Service Mark: WINGS. BEER. SPORTS. ALL  
THE ESSENTIALS  
Registration No.: 2,905,689  
Registration Date: November 30, 2004

We may amend this Appendix A from time to time in order to make available additional Trademarks or to delete those Trademarks that become unavailable. You agree to use only those Trademarks that are then currently authorized.

The Trademarks must be used only in the manner that we specify. No deviations will be permitted.

Appendix B to the Franchise Agreement

THE DESIGNATED AREA

As stated in Subparagraph 2.B. of the Franchise Agreement, subject to the terms and conditions of the Franchise Agreement, the Designated Area in which you will locate and operate the Restaurant is defined as follows:

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The Designated Area is considered fixed as of the date of the Franchise Agreement.

FRANCHISEE:

FRANCHISOR:

BUFFALO WILD WINGS INTERNATIONAL, INC.

Date: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_ By: Sally J. Smith  
Its: \_\_\_\_\_ Its: President & CEO

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Appendix C to the Franchise Agreement

ADDENDUM TO LEASE

This Addendum to Lease, dated \_\_\_\_\_, 200\_\_, is entered into between \_\_\_\_\_ ("Landlord"), and \_\_\_\_\_ ("Tenant").

RECITALS

- A. The parties have entered into a Lease Agreement, dated \_\_\_\_\_, 200\_\_, (the "Lease") pertaining to the premises located at \_\_\_\_\_ (the "Premises").
- B. Landlord acknowledges that Tenant has agreed to operate a Restaurant at the Premises pursuant to Tenant's Franchise Agreement (the "Franchise Agreement") with Buffalo Wild Wings International, Inc. ("BWW") under the name "Buffalo Wild Wings Grill & Bar" or other name designated by BWW (the "Restaurant").
- C. The parties desire to amend the Lease in accordance with the terms and conditions contained in this Addendum to provide BWW the opportunity to preserve the Premises as a BWW branded restaurant as provided herein.

AGREEMENT

Landlord and Tenant agree as follows:

- 1. Remodeling and Decor. Landlord agrees that Tenant has the right to remodel, equip, paint and decorate the interior of the Premises and to display such proprietary marks and signs on the interior and exterior of the Premises as Tenant is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Tenant may operate a Restaurant on the Premises. Any remodel of the building and/or its signs shall be subject to Landlord's prior and reasonable approval.
- 2. Assignment. Tenant does not have the right to sublease or assign the Lease to any third party without BWW's and Landlord's written approval. Tenant has the right to assign all of its right, title and interest in the Lease to BWW, its affiliates or its parent company, at any time during the term of the Lease, including any extensions or renewals, without first obtaining Landlord's consent. No assignment will be effective, however, until BWW or its designated affiliate gives Landlord written notice of its acceptance of the assignment. BWW or its parent company will be responsible for the lease obligations incurred after the effective date of the assignment. If BWW elects to assume the Lease under this subparagraph or unilaterally assumes the lease as provided for in subparagraph 3(a) or 4(a), Landlord and Tenant agree that (i) Lessee will remain liable for the responsibilities and obligations, including amounts owed to Landlord, prior to the date of assignment and assumption, and (ii) BEWW will have the right to sublease the Premises to another franchisee with Landlord's prior

reasonable approval - reasonableness to be based on proposed new franchisee's related business experience and credit history, provided the franchisee meets BWW's then-current standards and requirements for franchisees and agrees to operate the Restaurant as a Buffalo Wild Wings restaurant pursuant to a Franchise Agreement with BWW. Upon receipt by Landlord of an assumption agreement pursuant to which the assignee agrees to assume the Lease and to observe the terms, conditions and agreements on the part of Tenant to be performed under the Lease, the BWW Entity shall thereupon be released from all liability as tenant under the Lease from and after the date of assignment, without any need of a written acknowledgment of such release by Landlord.

3. Default and Notice.

- (a) Landlord shall send BWW copies of all notices of default it gives to Tenant concurrently with giving such notices to Tenant. If Tenant fails to cure any defaults within the period specified in the Lease, Landlord shall promptly give BWW written notice thereof, specifying the defaults Tenant has failed to cure. BWW has the right to unilaterally assume the Lease if Tenant fails to cure. BWW shall have 15 days from the date BWW receives such notice to exercise, by written notice to Landlord and Tenant, its right for BWW or its designee (the "BWW Entity") to assume the Lease. BWW shall have an additional 15 days from the expiration of Tenant's cure period in which to cure the default or violation.

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- (b) If the BWW Entity elects to assume the Lease, the BWW Entity shall not be required to cure defaults and/or to begin paying rent until Landlord delivers possession of the Premises to the BWW Entity. The BWW Entity shall have the right, at any time until Landlord delivers possession of the Premises, to rescind the option exercise, by written notice to Landlord.
- (c) All notices to BWW must be sent by registered or certified mail, postage prepaid, to the following address:

Buffalo Wild Wings International, Inc.  
1600 Utica Avenue South  
Suite 700  
Minneapolis, MN 55416  
Attention: General Counsel

BWW may change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees that it will notify both Tenant and BWW of any change in Landlord's mailing address to which notices should be sent.

4. Termination, Non-Renewal, Expiration.

- (a) If the Franchise Agreement is terminated for any reason during the term of the Lease or any extension thereof, BWW has the right, but not the obligation, to unilaterally assume the Lease by giving Landlord written notice. Within 30 days after receipt of such notice, Landlord shall give a BWW Entity written notice specifying any defaults of Tenant under the Lease.
- (b) If the Lease contains term renewal or extension right(s) and if Tenant allows the term to expire without exercising said right(s), Landlord shall give BWW written notice thereof, and a BWW Entity shall have the option, for thirty (30) days after receipt of said notice, to exercise the Tenant's renewal or extension right(s) on the same terms and conditions as are contained in the Lease. If a BWW Entity elects to exercise such right(s), it shall so notify Landlord in writing, whereupon Landlord and the BWW Entity shall promptly execute and deliver an agreement whereby the BWW Entity assumes the Lease, effective at the commencement of the extension or renewal term.

- (c) Upon the expiration or termination of the Lease, Landlord will cooperate with and assist BWW in gaining possession of the Premises and if a BWW Entity does not elect to enter into a new lease for the Premises with Landlord on terms reasonably acceptable to the BWW Entity, Landlord will allow BWW to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord, except for any damages caused by BWW's willful misconduct or gross negligence, to remove all signs, awnings, and all other items identifying the Premises as a Buffalo Wild Wings(R) Restaurant and to make such other modifications (such as repainting) as are reasonably necessary to protect the Buffalo Wild Wings(R) marks and system. In the event BWW exercises its option to purchase assets of Tenant, Landlord must permit BWW to remove all such assets being purchased by BWW.

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5. Additional Provisions.

- (a) Landlord hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Tenant plans to operate its business and the Tenant would not lease the Premises without this Addendum.
- (b) Landlord further acknowledges that Tenant is not an agent or employee of BWW and the Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind BWW or any affiliate of BWW, and that Landlord has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liabilities of or against BWW or any affiliate of BWW, unless and until the Lease is assigned to, and accepted in writing by, BWW or its parent company.
- (c) BWW Entity may elect not to assume or be bound by the terms of any amendment to the Lease executed by Tenant without obtaining BWW's prior written approval, which shall not be unreasonably withheld or delayed.

6. Sales Reports. If requested by BWW, Landlord will provide BWW with whatever information Landlord has regarding Tenant's sales from the Restaurant.
7. Modification. No amendment or variation of the terms of this Addendum is valid unless made in writing and signed by the parties and the parties have obtained the written consent of BWW.
8. Reaffirmation of Lease. Except as amended or modified in this Addendum, all of the terms, conditions and covenants of the Lease remain in full force and effect and are incorporated by reference and made a part of this Addendum as though copied herein in full. In the event of any conflict between the terms of this Addendum and those in the Lease, the terms of this Addendum shall control.
9. Beneficiary. Landlord and Tenant expressly agree that BWW is a third party beneficiary of this Addendum.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the dates written below.

TENANT:

LANDLORD:

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

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Appendix D to the Franchise Agreement

ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION

Franchisee:  
Location:  
Date:

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NEW                      CHANGE  
-----  
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Attention: Bookkeeping Department

The undersigned hereby authorizes Buffalo Wild Wings International, Inc., its parent company or any affiliated entity (collectively, "BWW"), to initiate weekly ACH debit entries against the account of the undersigned with you in payment of amounts for Royalty Fees, Advertising Fees or other amounts that become payable by the undersigned to BWW. The dollar amount to be debited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by BWW.

This authorization is binding and will remain in full force and effect until 90 days prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization.

Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit entries.

Sincerely yours,

Sincerely yours,

\*\*\* We also need a VOIDED Check \*\*\*

----- Bank Name -----	----- Account Name -----
----- Branch -----	----- Street Address -----
----- Street Address -----	----- City State Zip Code -----
----- City State Zip Code -----	----- Telephone Number -----
----- Bank Telephone Number -----	By _____
----- Bank's Account Number -----	Its _____
----- Customer's Account Number -----	Date _____

Appendix E to the Franchise Agreement

BUFFALO WILD WINGS(R)  
AUTHORIZATION AND GIFT CARD PARTICIPATION AGREEMENT

The franchisee identified below ("Franchisee") hereby agrees to participate in the gift card marketing program to be provided by SASH Management L.L.C. d.b.a. Gift Card Solutions, a Utah limited liability company ("GCS") to owners of franchises operated under an agreement with Buffalo Wild Wings, Inc., a Minnesota corporation, Blazin Wings, Inc., a Minnesota corporation, Buffalo Wild Wings International, Inc., an Ohio corporation, and Real Wing, Inc., a Kansas corporation (the aforementioned entities are collectively and individually referred to as "Franchisor"). This Agreement will continue until the expiration of the Gift Card Agreement between GCS and Buffalo Wild Wings, Blazin Wings, Buffalo Wild Wings International, and Real Wing, Inc. dated August 16, 2002. GCS may otherwise terminate this Agreement if Franchisee ceases to operate outlets pursuant to a franchise agreement with any of the above referenced entities or, with the consent of the respective franchisor, franchisee has defaulted under the terms of this Agreement.

GCS' program is made available to Franchisee in return for Franchisee's agreement to participate in a TurnKey Gift Card program (the "Program") that will allow Franchisee's customers to prepay in specific amounts for product purchases at participating stores and to then purchase product at any participating store using the gift card (the "Gift Card") provided by GCS for purchase. To effectuate this, GCS agrees to provide the following:

1. A complete TurnKey Gift Card processing program, defined to include a system for real-time card authorization and accounting and funds settlement procedures.
2. Provide reports that will be available via a secure web site for next day viewing of daily transaction detail.
3. Maintain adequate communication lines for both the issuing and verification terminals within the Franchisee's stores.
4. Inventory management, including ordering and disbursement of cards to Franchisee.
5. Accept and fulfill Gift Card requests from consumers and Franchisee.
6. Maintain adequate inventory of card stock and other fulfillment materials.
7. With the assistance of Franchisee, prepare individual terminals at each Store to accept Gift Cards by programming terminals, gaining required permissions from a Store merchant acquirer or through other measures that are required for participation in the program.
8. Maintain an automated balance inquiry system that is available 24 hours a day 365 days a year which may be accessed by Franchisee by a toll free telephone number.

To effectuate the Program, the Franchisee will have an account which is credited and debited with certain amounts. Those credits and debits are as follows:

1. If a Verifone Terminal/Printer package is to be supplied by GCS to Franchisee, as described below, GCS shall bill the Franchisee \$225.00 for each such package. Said amount shall be due with the first monthly payment, as set forth below.
2. There will be a transaction fee for each transaction which is performed with respect to a Gift Card issued as part of the program. The transaction fee shall be \$.16 per transaction, and shall be charged for each transaction performed by the Franchisee. The cumulative amount of the transaction fees for a particular month shall be paid as part of the payment to be made pursuant to the terms of this Agreement. A "transaction" shall be defined as the initial activation of a Gift Card and each respective use of a Gift Card for the purchase of product from a participating store. In addition, a transaction shall include the payment of any inactivity fee which is debited against a Gift Card.

3. In addition to the transaction fee, a fee of \$.04 per transaction will be charged, and this amount will be added to an insurance account established for the payment of delinquent franchise payments. The insurance account which these fees are added to shall be owned by Franchisor, and all amounts paid to this account shall be under the control of Franchisor. The cumulative amount of the insurance account fees for a particular month shall be paid as part of the payment to be made pursuant to the terms of the Agreement.
4. Each Gift Card which is purchased as part of this program and which is not completely used on the date which is the later of one (1) year from the initial purchase of the Gift Card or one (1) year from the last time the customer added cash to the value of the Gift card shall be assessed a fee of \$2.00 on such date which shall be debited against the remaining value of the Gift Card. This fee shall be applied thereafter for each additional month until the earlier of the customer adding additional cash to the Gift Card or until the remaining balance of the Gift Card is \$0.00. The \$2.00 inactivity fee shall be credited to the Franchisee if the Gift Card was purchased at a Franchisee's store.
5. GCS may modify any of the aforementioned fees, except the insurance account fee, to cover any cost increases incurred by GCS when material cost increases are sustained from non-related third party vendors that provide support services to GCS. These price changes can only take place once in each contract year upon sixty (60) days' prior written notice to the Franchisee. GCS will not have the power to modify the insurance account fee, but this fee may be modified by Franchisor, provided the fee may not be greater than \$.04 per transaction.
6. GCS will maintain and provide monthly reports of the amounts due from the Franchisee. The Franchisee's account shall be debited with an amount equal to the value of all Gift Cards sold at the Franchisee's stores and all fees which are due from a Franchisee as set forth in this Agreement. The Franchisee's account will be credited with an amount equal to the value of all product purchased from the Franchisee's store using a Gift Card and all inactivity fees which are attributed to the Franchisee. The resulting difference as of the last day of each month will be the monthly amount which is due to or from the Franchisee. This amount will be collected from or paid to a participant as set forth below.
7. GCS shall be solely responsible for the accuracy of all account management with regard to the Gift Cards. Any error in the account management shall be the sole liability of GCS and GCS shall bear the cost of any such error. By way of example and not limitation, if a \$10.00 Gift Card is sold and entered into the terminal for \$10.00 and GCS accounts for the Gift Card at \$100.00, GCS shall be solely responsible for the \$90.00 discrepancy.

Franchisee is responsible for providing an electronic card issuing terminal that is compatible with and can interface with the GCS system to be used for this Program. GCS will assist Franchisee by programming Franchisee's individual terminal for a fee of \$150.00. GCS will maintain adequate communication lines for both Franchisee's issuing terminal and verification terminal. A Verifone Terminal package may be purchased from GCS for Two Hundred Twenty Five Dollars (\$225.00). This amount shall be due with the first monthly payment, as described above.

CS has contracted with Stored Value Systems, Inc. to provide account services for the Program. Franchisee agrees to have a bank account which will be used to either withdraw funds that are due from the Franchisee for the Program or into which funds will be deposited if they are due to Franchisee under the Program. The Franchisee agrees to execute the attached ACH Authorization Form to allow Stored Value Systems to electronically debit and credit Franchisee's account. In the event Franchisee has insufficient funds to pay any amount due hereunder and such amount is collected from the insurance account referred to above or from Buffalo Wild Wings, Inc., the paying party shall have the right to recover the amount paid from Franchisee and Franchisee shall pay said amount to the party paying the amount due from Franchisee.

Agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

FRANCHISEE:

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Franchisee Legal Business Name: \_\_\_\_\_

Franchisee's Address: \_\_\_\_\_

SASH Management, LLC, a Utah Limited Liability Company

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Appendix F to the Franchise Agreement

BUFFALO WILD WINGS(R)  
ENROLLMENT FORM AND PORTAL TERMS AND CONDITIONS

WHAT IS THE PORTAL?

The portal has been designed to provide franchisees with a preliminary real estate analysis of a proposed location. Franchisees are able to gather the required data from one central source by leveraging the power of this portal. The following maps and reports are created as part of the site evaluation package:

- a. Site Overview Map
- b. Competition and Co-Tenants Map
- c. Daytime Employment Map
- d. Traffic Volumes Map
- e. Medium Household Income Map
- f. Mosaic Index Map
- g. Owner Occupied Units Map
- h. Population & Daytime Employment Map
- i. 3-5-7 Minute Drive Time Map
- j. Demographic Report
- k. Traffic Location Report
- l. Trade Area Rating Report

HOW DO I GET STARTED?

Once you have enrolled, you will receive a Welcome Kit from geoVue in the mail. This kit will contain: a User Guide, Frequently Asked Questions, your user name and password and other information. Your account will be set up with credits

that are redeemed for site packages. Each time you process a request for a package, your account will be decremented. You must purchase site packages in blocks of three.

The maps and reports will be available to you in PDF form via email and through the portal itself. You will have one year to use the credits you have purchased.

ENROLLMENT FORM

Name	City
Company Name	State
Company Address	Zip
Email Address	Telephone

SITE PACKAGES

Each site package includes the maps and reports in proper form for submission to corporate. Each site is measured against a pre-determined set of benchmarks.

PAYMENT METHOD

Each package is \$400, available in blocks of three (3) for a total of \$1,200.

Enclosed is a check for \$1,200 made payable to geoVue, Inc.

Please bill my credit card (Visa, MC or Amex)

Card Number \_\_\_\_\_  
Expirations Date \_\_\_\_\_  
Full Name on Card \_\_\_\_\_

By signing below and using the geoVue Portal products, you agree, for yourself and any applicable entities that all services and products are provided subject to the Portal Terms and Conditions, printed on the following page. Non-refundable payment is due upon placement of order. In certain states, this order will be subject to state tax.

Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Upon completing this form, please either fax back to (617) 482-3066 or mail to geoVue, Inc., Attn: Sales, 200 Lincoln Street, Boston, MA 02111. If you require any additional information, please feel free to call us at 1-800-554-5150.

PORTAL TERMS AND CONDITIONS

1. Acceptance of Terms

These terms and conditions apply to and govern your use of the geoVue software and online products, including the Portal available through web sites owned or controlled by geoVue (collectively, the "Products"). Your use of the Products signifies your agreement to be bound by these terms and conditions in their entirety. If you do not agree to be bound by these terms and conditions, you may not access or otherwise use the Products. You are responsible for obtaining and paying for the hardware, software, and Internet access required for you to use the Products. The Products are only to be used within the United States of America. You acknowledge that transmissions to and from geoVue are not

confidential and your Communications may be read or intercepted by others. At geoVue's sole discretion, anyone determined to have violated these Terms and Conditions may be barred, without notice, from using the Products.

## 2. Limited License

geoVue grants you a non-exclusive, non-transferable, limited right to access, use and display the Products and content and the materials thereon only for your business use as described herein, provided that you comply fully with these terms and conditions. You shall not interfere or attempt to interfere with the operation of the Products in any way through any means or device including, but not limited to, spamming, hacking, uploading computer viruses or time bombs, or the means expressly prohibited by any provision of these terms and conditions. The license, unless otherwise specified, is for utilization by a single user or a single-user workstation at any one time. You shall not use or permit the use of Products for the benefit of any other entities.

## 3. Changes to Terms and Conditions

geoVue reserves the right, at its sole discretion, to change, modify, add or remove any portion of these terms and conditions, in whole or in part, at any time upon written notice. Your continued use of the Products after any changes to these terms and conditions will be considered acceptance of those changes.

## 4. Ownership; Restrictions

geoVue owns, controls, licenses or has the right to use and provide the Products and all material in the Products, including, without limitation, text, images, articles, photographs, illustrations, audio and video clips, (collectively the "Content"). All Products and Content are Copyright (C) 2004 geoVue, Inc., protected pursuant to U.S. copyright laws, international conventions, and other copyright laws. You agree to abide by any and all copyright notices, information or restrictions displayed on the Products. Except as expressly provided herein, you may not use the Products and Content, and geoVue reserves all copyrights therein. All Business logos are the registered trademarks of their respective owners. All rights reserved. You are responsible for complying with all applicable laws, rules and regulations regarding your use of the Products and Content. In the event of any permitted publication of material from the Products, no changes in or deletion of author attribution, trademark, legend or copyright notice shall be made.

## 5. Indemnification

You agree that you shall indemnify, defend and hold harmless geoVue, and its officers, directors, owners, agents, employees, Content providers, affiliates, and licensors (collectively, the "Indemnified Parties") from and against any and all losses, damages, liabilities, and claims and all fees, costs, expenses, of any kind related thereto (including, without limitation, reasonable attorneys' fees) incurred by the Indemnified Parties in connection with any claim arising out of, based upon or resulting from your use of the Products or Content geoVue reserves the right, at its own expense, to assume the exclusive defense and control of any matter otherwise subject to indemnification by you and you shall not in any event settle any matter without the written consent of geoVue.

## 6. Links to Other Web Pages

The Products may contain links and pointers to the other related World Wide Web Internet pages, resources, and sponsors of the Products. Links to or from any Products and third-party sites, maintained by third parties, do not constitute an endorsement by geoVue or any of its subsidiaries and affiliates of any third-party resources or their contents. Links do not imply that geoVue is affiliated or associated with or/is legally authorized to use any trademark, trade name, logo or copyright symbol displayed in or accessible through the links, or that any linked web sites are authorized to use any trademark, trade name, logo or copyright symbol of geoVue, any of their affiliates or licensors.

## 7. Disclaimer of Warranties and Damages; Limitation of Liability

The site selection package is a preliminary report and assessment based upon data available on geoVue's databases. It is provided without representation or warranty. Not all retailers, competitors, employers, or streets were reviewed. Acceptable sites may not be available on favorable terms within the indicated

areas. The assessment may be (or become) inaccurate due to changing demographic and economic conditions; opening and closing of retailers, employers and competitors; modifications to roads and other transportation systems; and other causes. It is your responsibility to fully analyze the indicated area to remain aware of the changes in it, and to seek locations that are the most advantageous. Upon delivery of the purchased site selection reports, you will no longer have access to any data or information you had previously created, maintained, managed, or stored in Products. geoVue is under no obligation to maintain any such data or information. Your obligations pursuant to Section 1 (Acceptance of the Terms), Section 2 (Limited License), Section 4 (Ownership; Restrictions), Section 5 (Indemnification), Section 7 (Disclaimer of Warranties and Damages; Limitation of Liability), and Section 8 (General Provisions) shall survive the termination of your use of the Products. THE PRODUCTS, INCLUDING ALL CONTENT, SOFTWARE, FUNCTIONS, MATERIALS AND INFORMATION MADE AVAILABLE ON OR ACCESSED THROUGH THE PRODUCTS, ARE PROVIDED ON AN "AS IS," "AS AVAILABLE" BASIS, WITHOUT REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. NEITHER geoVue NOR ITS CONTENT PROVIDERS WARRANT THAT THE FUNCTIONS, FEATURES OR CONTENT CONTAINED IN THE PRODUCTS WILL BE UNINTERRUPTED OR ERROR FREE, THAT DEFECTS WILL BE CORRECTED, OR THAT ANY OTHER PRODUCTS OR THE SERVERS) THAT MAKE THEM AVAILABLE ARE FREE OF VIRUSES OR OTHER HARMFUL COMPONENTS; NOR DO THEY MAKE ANY WARRANTY OR REPRESENTATION AS TO THE ACCURACY OR RELIABILITY OF THE PRODUCTS, THE CONTENT THEREOF, THE MATERIALS, INFORMATION AND FUNCTIONS MADE ACCESSIBLE BY THE SOFTWARE USED ON OR ACCESSED THROUGH THE PRODUCTS, ANY PRODUCTS OR SERVICES OR HYPERTEXT LINKS TO THIRD PARTIES OR FOR ANY BREACH OF SECURITY ASSOCIATED WITH THE TRANSMISSION OF SENSITIVE INFORMATION THROUGH THE PRODUCTS OR ANY LINKED PRODUCTS. geoVue AND ITS SUBSIDIARIES AND AFFILIATES MAKE NO WARRANTIES AND SHALL NOT BE LIABLE FOR THE USE OF THE PRODUCTS, INCLUDING WITHOUT LIMITATION. THE CONTENT AND ANY ERRORS CONTAINED THEREIN UNDER ANY DIRECT OR INDIRECT CIRCUMSTANCES, INCLUDING BUT NOT LIMITED TO geoVue's NEGLIGENCE. IF YOU ARE DISSATISFIED WITH THE PRODUCTS OR ANY MATERIALS ON THE PRODUCTS, YOUR SOLE REMEDY FOR ALL OF THE FOREGOING SHALL BE LIMITED TO THE GREATER OF THE AMOUNT ACTUALLY PAID FOR BY YOU FOR THE PRODUCTS OR FIVE DOLLARS (USD \$5.00). UNDER NO CIRCUMSTANCES SHALL geoVue, ITS SUBSIDIARIES, AFFILIATES OR CONTENT PROVIDERS BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES THAT ARE DIRECTLY OR INDIRECTLY RELATED TO THE USE OF, OR THE INABILITY TO USE, THE CONTENT, MATERIALS AND FUNCTIONS IN THE PRODUCTS, INCLUDING WITHOUT LIMITATION LOSS OF REVENUE OR ANTICIPATED PROFITS OR LOST BUSINESS, EVEN IF SUCH ENTITIES OR AN AUTHORIZED REPRESENTATIVE THEREOF HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. SOME STATES DO NOT ALLOW THE EXCLUSION OR LIMITATION OF INCIDENTAL OR CONSEQUENTIAL DAMAGES, SO THE ABOVE LIMITATION OR EXCLUSION MAY NOT APPLY TO YOU. IN NO EVENT SHALL THE TOTAL LIABILITY OF geoVue, ITS SUBSIDIARIES AND AFFILIATES TO YOU FOR ALL DAMAGES, LOSSES, AND CAUSES OF ACTION (WHETHER IN CONTRACT OR TORT, INCLUDING, BUT NOT LIMITED TO, NEGLIGENCE OR OTHERWISE) ARISING FROM THESE TERMS AND CONDITIONS OR YOUR USE OF THE PRODUCTS EXCEED, IN THE AGGREGATE, ONE HUNDRED DOLLARS (USD \$100.00).

## 8. General Provisions

These terms and conditions shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, without regard to conflicts of laws provisions. The sole and exclusive jurisdiction for any action or proceeding arising out of or related to these terms and conditions shall be an appropriate State or Federal court located in the Commonwealth of Massachusetts and you hereby irrevocably consent to the jurisdiction of such courts. If for any reason a court of competent jurisdiction finds any provision of these terms and conditions, or portion thereof, to be unenforceable, that provision shall be enforced to the maximum extent permissible so as to effect the intent of these terms and conditions, and the remainder of these terms and conditions shall continue in full force and effect. These terms and conditions constitute the entire agreement between you and geoVue with respect to the subject matter hereof, and supersede all previous written or oral agreements between the parties with respect to such subject matter. No waiver by either you or geoVue of any breach or default hereunder shall be deemed to be a waiver of any preceding or subsequent breach or default. The section headings used herein are for convenience only and shall not be given any legal import.

ADDENDUM TO  
BUFFALO WILD WINGS(R)  
FRANCHISE AGREEMENT FOR THE  
STATE OF ILLINOIS

This Addendum pertains to franchises sold in the State of Illinois and is for the purpose of complying with Illinois statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

1. Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void." Accordingly, the fourth and fifth sentences of Section 15.B of the Agreement are hereby deleted in their entirety.

2. Section 15.B of the Agreement is hereby amended to include the following:

Nothing in this Section 15.B, however, may be construed to mean that you may not rely on the BUFFALO WILD WINGS Offering Circular that we provided to you in connection with the offer and purchase of your BUFFALO WILD WINGS Business. Although the statements in the Offering Circular do not become part of the Franchise Agreement, nothing in the Offering Circular may contradict or be inconsistent with the contract terms.

3. The first sentence of Section 15.I is hereby deleted in its entirety, and the following substituted in lieu thereof:

Subject to Section 12.A, any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties must be brought in the Illinois federal or state court for the Designated Area in which you are located.

4. Section 15.H(1) is deleted in its entirety and replaced with the following:

Applicable Law and Waiver. Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Paragraph 12 of this Agreement, the parties' rights under this Agreement, and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws of Illinois.

5. As stated in the text of the Acknowledgment Addendum, representations contained in the Acknowledgment Addendum are not intended for nor shall they act as a release, estoppel or waiver of rights that you as a franchisee have or liabilities that you may incur under the Illinois Franchise Disclosure Act, 815 IL ss. 705.

6. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

YOU:

US:

BUFFALO WILD WINGS INTERNATIONAL, INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: Sally J. Smith  
-----  
President & CEO

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ADDENDUM TO  
BUFFALO WILD WINGS(R)  
FRANCHISE AGREEMENT FOR THE  
STATE OF MARYLAND

This Addendum pertains to franchises sold in the State of Maryland and is for the purpose of complying with Maryland statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

1. The following sentence is added to the end of Section 14.C:

Notwithstanding the preceding sentence, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the date of this Agreement.

2. The following sentence is hereby added to the end of Section 11.D.6:

Nothing in this Section 11.D.6, however, will act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. The following sentence is hereby added to the end of Section 15.B:

Nothing in this Section 15.B, however, will act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Section 15.I is amended to provide that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Section 15.I is further amended to provide that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the date of the Franchise Agreement.

5. Any provision in the Agreement that requires you to disclaim the occurrence and/or acknowledge the non occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law is not intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

YOU:

WE:

BUFFALO WILD WINGS INTERNATIONAL, INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: Sally J. Smith  
-----  
President & CEO

By: \_\_\_\_\_  
Its: \_\_\_\_\_

#### RELEASE OF CLAIMS

For and in consideration of the agreements and covenants described below, Buffalo Wild Wings International, Inc. ("BWW") and ("Franchisee") enter into this Release of Claims ("Agreement").

#### RECITALS

A. BWW and Franchisee entered into a BUFFALO WILD WINGS(R) Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_.

B. [NOTE: Describe the circumstances relating to the release.]

C. Subject to and as addressed with greater specificity in the terms and conditions set forth below, BWW and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

#### AGREEMENTS

1. CONSIDERATION. [NOTE: Describe the consideration paid.]

2-3. [NOTE: Detail other terms and conditions of the release.]

4. RELEASE OF CLAIMS BY BWW. In consideration of, and only upon full payment of \$\_\_\_\_\_ to BWW, and the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, BWW, for itself, its parent company and for each of its affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of its past and present directors, officers, employees, attorneys, agents, assigns and representatives does hereby release and forever discharge Franchisee and each of his heirs, executors, successors, and assigns of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorney's fees), complaints, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, disclosed or undisclosed, related to the Franchise Agreement. This release does not release Franchisee from any obligations he may have under this Agreement.

5. RELEASE OF CLAIMS BY FRANCHISEE. In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisee, for himself and for each of his heirs, executors, administrators, insurers, attorneys, agents, representatives, successors, and assigns, does hereby release and forever discharge Buffalo Wild Wings International, Inc., its parent company and each of its respective affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of their past and present directors, officers, employees, attorneys, agents, assigns and representatives in their capacities as such, of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorney's fees), complaints, charges, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, related to the Franchise Agreement.

6. RESERVATION OF CLAIMS AGAINST NON-SETTLING PARTIES. Buffalo Wild Wings International, Inc. and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties.

7. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.

8. VOLUNTARY NATURE OF AGREEMENT. The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms.

9. GOVERNING LAW AND JURISDICTION. This Agreement will be construed and enforced in accordance with the law of the state of \_\_\_\_\_.

10. ATTORNEYS' FEES. All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right or remedy allowed by law. In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorneys' fees and costs incurred by reason of the breach.

BUFFALO WILD WINGS INTERNATIONAL, INC.

Date: \_\_\_\_\_, 2006

By: Sally J. Smith  
-----  
Its: President & CEO

FRANCHISEE:

Date: \_\_\_\_\_, 2006

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ADDENDUM TO  
BUFFALO WILD WINGS (R)  
FRANCHISE AGREEMENT FOR THE  
STATE OF MINNESOTA

This Addendum pertains to franchises sold in the State of Minnesota and is for the purpose of complying with Minnesota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

1. We will undertake the defense of any claim of infringement by third parties involving the BUFFALO WILD WINGS mark, and you will cooperate with the defense in any reasonable manner prescribed by us with any direct cost of such cooperation to be borne by us.
2. Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this Franchise Agreement, Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of the franchise agreement.
3. The second sentence of Section 12.B of the Agreement is deleted in its entirety and will have no further force and effect and the following is substituted in lieu thereof:

Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will forthwith be entitled to seek an injunction restraining such breach or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators.

4. Section 15.J is hereby deleted in its entirety.

5. No release language set forth in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Minnesota, provided, that this part will not bar the voluntary settlement of disputes.

6. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

YOU:

WE:

BUFFALO WILD WINGS INTERNATIONAL, INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: Sally J. Smith  
-----  
Its: President & CEO

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ADDENDUM TO  
BUFFALO WILD WINGS (R)  
FRANCHISE AGREEMENT FOR THE  
STATE OF NORTH DAKOTA

This Addendum pertains to franchises sold in the State of North Dakota and is for the purpose of complying with North Dakota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

1. Notwithstanding anything contained in Section 12.A of the Franchise Agreement, any arbitration proceeding must take place in the city nearest to the your Business in which the American Arbitration Association maintains an office and facility for arbitration, or at such other location as may be mutually agreed upon by the parties.

2. Covenants not to compete such as those mentioned in Sections 10.D of the Franchise Agreement may be subject to Section 9-08-06 of the North Dakota Century Code and unenforceable in the State of North Dakota if contrary to Section 9-08-06.

3. The North Dakota Securities Commissioner has held that requiring franchisees

to consent to the jurisdiction of courts outside of North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The first sentence of Section 15.I is therefore deleted in its entirety, and the following substituted in lieu thereof:

Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Paragraph 12 must be brought in the Federal District Court for the District of Minnesota or in Hennepin County District Court, Fourth Judicial District, Minneapolis, Minnesota or the federal or state court of the Designated Area in which the you are located.

4. Section 15.J is hereby deleted from the Franchise Agreement, as a waiver of punitive damages is considered unenforceable in the State of North Dakota.

5. Pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law, a franchisee may not be required to sign a general release as a condition of renewal under Section 4.B of the Franchise Agreement.

6. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

YOU:

WE:

BUFFALO WILD WINGS INTERNATIONAL, INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: Sally J. Smith  
-----  
Its: President & CEO

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ADDENDUM TO  
BUFFALO WILD WINGS (R)  
FRANCHISE AGREEMENT FOR THE  
STATE OF WASHINGTON

This Addendum pertains to franchises sold in the State of Washington and is for the purpose of complying with Washington statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

1. Section 15.B of the Franchise Agreement is amended by the addition of the following language:

If any of the provisions in the Franchise Offering Circular or Franchise Agreement are inconsistent with the relationship provisions of R.C.W. 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the Franchise Offering Circular and Franchise Agreement with regard to any franchise sold in Washington.

2. The second sentence of Section 12.A is hereby deleted in its entirety and the following substituted in lieu thereof

The arbitration must take place either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

3. Paragraph 16 of the Franchise Agreement is amended by the addition of the following language:

A release or waiver of rights executed by you will not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

4. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

YOU: WE:  
BUFFALO WILD WINGS INTERNATIONAL, INC.

By: \_\_\_\_\_ By: Sally J. Smith  
Its: \_\_\_\_\_ Its: President & CEO

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ADDENDUM TO  
BUFFALO WILD WINGS (R)  
FRANCHISE AGREEMENT FOR THE  
STATE OF WISCONSIN

This Addendum pertains to franchisees in the State of Wisconsin and is for the purpose of complying with Wisconsin statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

1. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, Section 13.B of the Agreement pertaining to "Termination by Us" is extended as follows:

We will provide you at least 90 days' prior written notice of termination, cancellation, or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, or substantial change in competitive circumstances and will provide that you have 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days, the notice will be void. If the reason for termination, cancellation, or substantial change in competitive circumstances is nonpayment of sums

due under the franchise, you will be entitled to written notice of such default, and will have not less than 10 days in which to remedy such default from the date of delivery or posting of such notice.

2. Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between you and us inconsistent with the Law.

3. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:

FRANCHISOR:

BUFFALO WILD WINGS INTERNATIONAL, INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: Sally J. Smith  
-----  
Its: President & CEO

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ACKNOWLEDGMENT ADDENDUM TO  
BUFFALO WILD WINGS(R) FRANCHISE AGREEMENT

As you know, you and we are entering into a Franchise Agreement for the operation of a BUFFALO WILD WINGS(R) franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

ACKNOWLEDGMENTS AND REPRESENTATIONS\*.

1. Did you receive a copy of our Offering Circular (and all exhibits and attachments) at least 10 business days prior to signing the Franchise Agreement? Check one: ( ) Yes ( ) No. If no, please comment:

\_\_\_\_\_  
\_\_\_\_\_

1A. For Illinois residents or those wishing to locate their franchise in Illinois, did you receive a copy of our Offering Circular (and all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement? Check one: ( ) Yes ( ) No. If no, please comment:

\_\_\_\_\_  
\_\_\_\_\_

2. Have you studied and reviewed carefully our Offering Circular and Franchise Agreement? Check one: ( ) Yes ( ) No. If no, please comment:

\_\_\_\_\_

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3. Did you receive a copy of the Franchise Agreement at least 5 business days prior to the date on which the Franchise Agreement was executed? Check one:  Yes  No. If no, please comment:

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4. Did you understand all the information contained in both the Offering Circular and Franchise Agreement? Check one:  Yes  No. If no, please comment:

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5. Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Offering Circular? Check one:  Yes  No. If yes, please state in detail the oral, written or visual claim or representation:

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6. Did any employee or other person speaking on behalf of Buffalo Wild Wings International, Inc. make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any BUFFALO WILD WINGS location or business, or the likelihood of success at your franchised business? Check one:  Yes  No. If yes, please state in detail the oral, written or visual claim or representation:

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7. Did any employee or other person speaking on behalf of Buffalo Wild Wings International, Inc. make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Offering Circular or that is contrary to, or different from, the information contained in the Offering Circular. Check one:  Yes  No. If yes, please comment:

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8. Do you understand that that the franchise granted is for the right to develop and operate the Restaurants in the Designated Territory, as stated in Subparagraph 2.B, and that, according to Subparagraph 2.D, we and our affiliates have the right to distribute products through alternative methods of distribution and to issue franchises or operate competing businesses for or at locations, as we determine, (i) outside of your Designated Area using any trademarks; (ii) inside your Designated Territory using any trademarks other than the BUFFALO WILD WINGS Trademark; and (iii) inside the Designated Territory using the BUFFALO WILD WINGS Trademark, for facilities at Special Sites and facilities with interior areas less than 2,400 square feet (subject to your right of first refusal as detailed in the Franchise Agreement)? Check one:  Yes  No. If no, please comment:

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9. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the Restaurant, meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding? Check one:  Yes  No. If no, please comment:

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10. Do you understand that the success or failure of your Restaurant will

depend in large part upon your skills and experience, your business acumen, your location, the local market for products under the BUFFALO WILD WINGS trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Business may change? Check one ( ) Yes ( ) No. If no, please comment:

\_\_\_\_\_

\_\_\_\_\_

11. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in Subparagraph 10.D and that an injunction is an appropriate remedy to protect the interests of the BUFFALO WILD WINGS system if you violate the covenant(s)? Further, do you understand that the term "you" for purposes of the non-compete covenants is defined broadly in subparagraph 10.D, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement? Check one ( ) Yes ( ) No. If no, please comment:

\_\_\_\_\_

\_\_\_\_\_

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

APPROVED ON BEHALF OF  
BUFFALO WILD WINGS INTERNATIONAL, INC.

By: \_\_\_\_\_  
Title: Sally J. Smith, President & CEO

Date: \_\_\_\_\_

\*Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law.

ACKNOWLEDGMENT ADDENDUM TO  
BUFFALO WILD WINGS(R) FRANCHISE AGREEMENT

As you know, you and we are entering into a Franchise Agreement for the operation of a BUFFALO WILD WINGS(R) franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

ACKNOWLEDGMENTS AND REPRESENTATIONS\*.

1. Did you receive a copy of our Offering Circular (and all exhibits and attachments) at least 10 business days prior to signing the Franchise

Agreement? Check one: ( ) Yes ( ) No. If no, please comment:

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1A. For Illinois residents or those wishing to locate their franchise in Illinois, did you receive a copy of our Offering Circular (and all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement? Check one: ( ) Yes ( ) No. If no, please comment:

2. Have you studied and reviewed carefully our Offering Circular and Franchise Agreement? Check one: ( ) Yes ( ) No. If no, please comment:

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3. Did you receive a copy of the Franchise Agreement at least 5 business days prior to the date on which the Franchise Agreement was executed? Check one: ( ) Yes ( ) No. If no, please comment:

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4. Did you understand all the information contained in both the Offering Circular and Franchise Agreement? Check one: ( ) Yes ( ) No. If no, please comment:

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5. Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Offering Circular? Check one: ( ) Yes ( ) No. If yes, please state in detail the oral, written or visual claim or representation:

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6. Did any employee or other person speaking on behalf of Buffalo Wild Wings International, Inc. make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any BUFFALO WILD WINGS location or business, or the likelihood of success at your franchised business? Check one: ( ) Yes ( ) No. If yes, please state in detail the oral, written or visual claim or representation:

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7. Did any employee or other person speaking on behalf of Buffalo Wild Wings International, Inc. make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Offering Circular or that is contrary to, or different from, the information contained in the Offering Circular. Check one: ( ) Yes ( ) No. If yes, please comment:

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8. Do you understand that that the franchise granted is for the right to develop and operate the Restaurants in the Designated Territory, as stated in Subparagraph 2.B, and that, according to Subparagraph 2.D, we and our affiliates have the right to distribute products through alternative methods of distribution and to issue franchises or operate competing businesses for or at locations, as we determine, (i) outside of your Designated Area using any trademarks; (ii) inside your

Designated Territory using any trademarks other than the BUFFALO WILD WINGS Trademark; and (iii) inside the Designated Territory using the BUFFALO WILD WINGS Trademark, for facilities at Special Sites and facilities with interior areas less than 2,400 square feet (subject to your right of first refusal as detailed in the Franchise Agreement)? Check one: (  ) Yes (  ) No. If no, please comment:

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9. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the Restaurant, meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding? Check one: (  ) Yes (  ) No. If no, please comment:

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10. Do you understand that the success or failure of your Restaurant will depend in large part upon your skills and experience, your business acumen, your location, the local market for products under the BUFFALO WILD WINGS trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Business may change? Check one (  ) Yes (  ) No. If no, please comment:

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11. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in Subparagraph 10.D and that an injunction is an appropriate remedy to protect the interests of the BUFFALO WILD WINGS system if you violate the covenant(s)? Further, do you understand that the term "you" for purposes of the non-compete covenants is defined broadly in subparagraph 10.D, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement? Check one (  ) Yes (  ) No. If no, please comment:

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NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

APPROVED ON BEHALF OF  
BUFFALO WILD WINGS INTERNATIONAL, INC.

By: \_\_\_\_\_  
Title: Sally J. Smith, President & CEO  
Date: \_\_\_\_\_

\*Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law.

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ACKNOWLEDGMENTS AND REPRESENTATIONS\*.

1. Did you receive a copy of our Offering Circular (and all exhibits and attachments) at least 10 business days prior to signing the Franchise Agreement? Check one:  Yes  No. If no, please comment:

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1A. For Illinois residents or those wishing to locate their franchise in Illinois, did you receive a copy of our Offering Circular (and all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement? Check one:  Yes  No. If no, please comment:

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2. Have you studied and reviewed carefully our Offering Circular and Franchise Agreement? Check one:  Yes  No. If no, please comment:

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3. Did you receive a copy of the Franchise Agreement at least 5 business days prior to the date on which the Franchise Agreement was executed? Check one:  Yes  No. If no, please comment:

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4. Did you understand all the information contained in both the Offering Circular and Franchise Agreement? Check one:  Yes  No. If no, please comment:

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5. Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Offering Circular? Check one:  Yes  No. If yes, please state in detail the oral, written or visual claim or representation:

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6. Did any employee or other person speaking on behalf of Buffalo Wild Wings International, Inc. make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any BUFFALO WILD WINGS location or business, or the likelihood of success at your franchised business? Check one:  Yes  No. If yes, please state in detail the oral, written or visual claim or representation:

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7. Did any employee or other person speaking on behalf of Buffalo Wild Wings International, Inc. make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Offering Circular or that is contrary to, or different from, the information contained in the Offering Circular. Check one:  Yes  No. If yes, please comment:

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8. Do you understand that that the franchise granted is for the right to develop and operate the Restaurants in the Designated Territory, as stated in Subparagraph 2.B, and that, according to Subparagraph 2.D, we and our affiliates have the right to distribute products through alternative methods of distribution and to issue franchises or operate competing businesses for or at locations, as we determine, (i) outside of your Designated Area using any trademarks; (ii) inside your Designated Territory using any trademarks other than the BUFFALO WILD WINGS Trademark; and (iii) inside the Designated Territory using the BUFFALO WILD WINGS Trademark, for facilities at Special Sites and facilities with interior areas less than 2,400 square feet (subject to your right of first refusal as detailed in the Franchise Agreement)? Check one:  Yes  No. If no, please comment:

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9. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the Restaurant, meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding? Check one:  Yes  No. If no, please comment:

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10. Do you understand that the success or failure of your Restaurant will depend in large part upon your skills and experience, your business acumen, your location, the local market for products under the BUFFALO WILD WINGS trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Business may change? Check one  Yes  No. If no, please comment:

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11. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in Subparagraph 10.D and that an injunction is an appropriate remedy to protect the interests of the BUFFALO WILD WINGS system if you violate the covenant(s)? Further, do you understand that the term "you" for purposes of the non-compete covenants is defined broadly in subparagraph 10.D, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement? Check one  Yes  No. If no, please comment:

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

APPROVED ON BEHALF OF  
BUFFALO WILD WINGS INTERNATIONAL, INC.

By: \_\_\_\_\_  
Title: Sally J. Smith, President & CEO  
\_\_\_\_\_  
Date: \_\_\_\_\_  
\_\_\_\_\_

\*Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law.

Buffalo Wild Wings(R)  
Area Development Agreement

Between

Buffalo Wild Wings International, Inc.  
1600 Utica Avenue, Suite 700  
Minneapolis, MN 55416

And

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-----  
Name of Developer(s)  
-----  
Street Address  
-----  
City State Zip Code  
-----  
Phone Number  
-----  
Effective Date:  
-----  
(To be completed by Us)

CONFIDENTIAL  
(C) 2006 Buffalo Wild Wings International, Inc.

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APPENDICES

- A. DEVELOPMENT TERRITORY
- B. DEVELOPMENT SCHEDULE

BUFFALO WILD WINGS(R)  
AREA DEVELOPMENT AGREEMENT

This Area Development Agreement is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ between BUFFALO WILD WINGS INTERNATIONAL, INC., an Ohio corporation with its principal business located at 1600 Utica Avenue South, Suite 700, Minneapolis, Minnesota 55416 ("we" or "us") and \_\_\_\_\_, a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_ ("developer" or "you"). If the developer is a corporation, partnership or limited liability company, certain provisions of the Agreement also apply to your owners and will be noted.

RECITALS

A. Our parent company has developed a unique system for operating video entertainment oriented, fast casual restaurants that feature chicken wings, sandwiches, unique food service and other products, beverages and services using certain standards and specifications;

B. Many of the food and beverage products are prepared according to specified recipes and procedures, some of which include proprietary sauces and mixes;

C. Our parent company owns the BUFFALO WILD WINGS(R) Trademark and other trademarks used in connection with the Operation of a BUFFALO WILD WINGS restaurant;

D. Our parent company has granted to us the right to sublicense the right to develop and operate BUFFALO WILD WINGS restaurants;

E. You desire to develop and operate several BUFFALO WILD WINGS restaurants and we, in reliance on your representations, have approved your franchise application to do so in accordance with this Agreement.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

DEFINITIONS

1. For purposes of this Agreement, the terms below have the following definitions:

A. "Menu Items" means the chicken wings, sandwiches and other products and beverages prepared according to our specified recipes and procedures, as we may modify and change them from time to time.

B. "Principal Owner" means any person who directly or indirectly owns a 10% or greater interest in the developer when the developer is a corporation, limited liability company, a partnership, or a similar entity. However, if we are entering into this Agreement totally or partially based on the financial qualifications, experience, skills or managerial qualifications of any person or entity who directly or indirectly owns less than a 10% interest in the developer, we have the right to designate that person or entity as a Principal Owner for all purposes under this Agreement, including, but not limited to, the execution of the personal guaranty referenced in Section 10.J below. In addition, if the developer is a partnership entity, then each general partner is a Principal Owner, regardless of the percentage ownership interest. If the developer is one or more individuals, each individual is a Principal Owner of the developer. You must have at

least one Principal Owner.

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C. "Restaurants" means the BUFFALO WILD WINGS Restaurants you develop and operate pursuant to this Agreement.

D. "System" means the BUFFALO WILD WINGS System, which consists of distinctive food and beverage products prepared according to special and confidential recipes and formulas with unique storage, preparation, service and delivery procedures and techniques, offered in a setting of distinctive exterior and interior layout, design and color scheme, signage, furnishings and materials and using certain distinctive types of facilities, equipment, supplies, ingredients, business techniques, methods and procedures together with sales promotion programs, all of which we may modify and change from time to time.

E. "Trademarks" means the BUFFALO WILD WINGS Trademark and Service Mark that have been registered in the United States and elsewhere and the trademarks, service marks and trade names set forth in each Franchise Agreement, as we may modify and change from time to time, and the trade dress and other commercial symbols used in the Restaurants. Trade dress includes the designs, color schemes and image we authorize you to use in the operation of the Restaurants from time to time.

#### GRANT OF DEVELOPMENT RIGHTS

2. The following provisions control with respect to the rights granted hereunder:

A. We grant to you, under the terms and conditions of this Agreement, the right to develop and operate \_\_\_\_\_ (\_\_\_) BUFFALO WILD WINGS Restaurants (the "Restaurants") within the territory described on Appendix A ("Development Territory").

B. You are bound by the development schedule ("Development Schedule") set forth in Appendix B. Time is of the essence for the development of each Restaurant in accordance with the Development Schedule. Each Restaurant must be developed and operated pursuant to a separate Franchise Agreement that you enter into with us pursuant to Section 4.B below.

C. If you are in compliance with the Development Schedule set forth on Appendix B, we will not develop or operate or grant anyone else a franchise to develop and operate a BUFFALO WILD WINGS Restaurant business (except for the Special Sites and Limited Seating Facilities defined in Section 2.D or as otherwise set forth in this Agreement) in the Development Territory prior to the earlier of (i) the expiration or termination of this Agreement; (ii) the date on which you must execute the Franchise Agreement for your last restaurant pursuant to the terms of the Development Schedule or (iii) the date on which the Designated Area for your final Restaurant under this Agreement is determined. However, in the event that the Development Territory covers more than one city, county or designated market area, the protection for each particular city, county or designated market area shall expire upon the earliest of (1) any of the foregoing events or (2) the date when the Designated Area for your final Restaurant to be developed in such city, county or designated market area under this Agreement is determined. Notwithstanding anything in this Agreement, upon the earliest occurrence of any of the foregoing events (i) the Development Territory shall expire and (ii) we will be entitled to develop and operate, or to franchise others to develop and operate, BUFFALO WILD WINGS restaurants in the Development Territory, except as may be otherwise provided under any Franchise Agreement that has been executed between us and you and that has not been terminated. At the time you execute your final Franchise Agreement under the Development Schedule, you must have an Authorized Location for your final Restaurant.

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D. The rights granted under this Agreement are limited to the right to develop and operate Restaurants located in the Development Territory, and do not include (i) any right to sell products and Menu Items identified by the Trademarks at any location or through any other channels or methods of distribution, including the internet (or any other existing or future form of electronic commerce), other than at Restaurants within the Development Territory, (ii) any right to sell products and Menu Items identified by the Trademarks to any person or entity for resale or further distribution, or (iii) any right to exclude, control or impose conditions on our development or operation of franchised, company or affiliate owned restaurants at any time or at any location outside of the Development Territory. You may not use any of the words BUFFALO, WILD or WINGS or any of the other Trademarks as part of the name of your corporation, partnership, limited liability company or other similar entity.

You acknowledge and agree that we and our affiliates have the right to operate and franchise others the right to operate restaurants or any other business within and outside the Development Territory under trademarks other than the BUFFALO WILD WINGS Trademarks, without compensation to any franchisee, except that our operation of, or association or affiliation with, restaurants (through franchising or otherwise) in the Development Territory that compete with BUFFALO WILD WINGS restaurants in the video entertainment oriented, fast casual restaurant segment will only occur through some form of merger or acquisition with an existing restaurant chain. Outside of the Development Territory, we and our affiliates have the right to grant other franchises or develop and operate company or affiliate owned BUFFALO WILD WINGS restaurants and offer, sell or distribute any products or services associated with the System (now or in the future) under the Trademarks or any other trademarks, service marks or trade names or through any distribution channel or method, all without compensation to any franchisee.

We and our affiliates have the right to offer, sell or distribute, within and outside the Development Territory, any frozen, pre-packaged items or other products or services associated with the System (now or in the future) or identified by the Trademarks, or any other trademarks, service marks or trade names, except for Prohibited Items (as defined below), through any distribution channels or methods, without compensation to any franchisee. The distribution channels or methods include, without limitation, grocery stores, club stores, convenience stores, wholesale, hospitals, clinics, health care facilities, business or industry locations (e.g. manufacturing site, office building), military installations, military commissaries or the internet (or any other existing or future form of electronic commerce). The Prohibited Items are the following items that we will not sell in the Development Territory through other distribution channels or methods: any retail food service Menu Items that are cooked or prepared to be served to the end user or customer for consumption at the retail location (unless sold at the limited seating facilities referenced in subparagraph (i) of the paragraph above). For example, chicken wings cooked and served to customers at a grocery store or convenience store would be a Prohibited Item, but the sale of frozen or pre-packaged chicken wings at a grocery store or convenience store would be a permitted form of distribution in the Development Territory.

You acknowledge and agree that certain locations within the Development Territory are by their nature unique and separate in character from sites generally developed as BUFFALO WILD WINGS restaurants. As a result, you agree that the following locations ("Special Sites") are excluded from the Development Territory and we have the right, subject to our then-current Special Sites Impact Policy, to develop or franchise such locations: (1) military bases; (2) public transportation facilities; (3) sports facilities, including race tracks; (4) student unions or other similar buildings on college or university campuses; (5) amusement and theme parks; and (6) community and special events.

In addition, you acknowledge and agree that, subject to your

right of first refusal as set forth below, we and our affiliates have the right to operate or franchise within the Development Territory one or more facilities selling, for dine in or take out, all or some of the Menu Items, using the Trademarks or any other trademarks, service marks or trade names, without compensation to any franchisee, provided, however, that such facilities shall not have an interior area larger than 2,400 square feet and shall not have seating capacity for more than 48 people ("Limited Seating Facilities"). If we develop a model for a Limited Seating Facility and determine that your Development Territory is an appropriate market for such a facility, we will provide to you a written offer ("Offer") specifying the terms and conditions for your development of the Limited Seating Facility. You will have 90 days following your receipt of the Offer to accept the Offer by delivering written notice to us of your acceptance, provided that you are not in default under this Agreement or any other Agreement with us or our affiliates. If you do not provide written notice to us within the time period or if you are in default under this Agreement or any other agreement with us or our affiliates, you will lose the right to develop the Limited Seating Facility and we may develop or franchise others to develop the Limited Seating Facility within your Development Territory. You acknowledge and agree that if you accept the Offer, we may require you to submit a full application, pay an initial fee and sign a new form of franchise agreement.

E. This Agreement is not a Franchise Agreement and you have no right to use in any manner the Trademarks by virtue of this Agreement. You have no right under this Agreement to sublicense or subfranchise others to operate a business or restaurant or use the System or the Trademarks.

#### DEVELOPMENT FEE

3. You must pay a Development Fee as described below:

A. As consideration for the rights granted in this Agreement, you must pay us a "Development Fee" of \$\_\_\_\_\_, representing one-half of the Initial Franchise Fee for each Restaurant to be developed under this Agreement. The Initial Franchise Fee for the first Restaurant is \$\_\_\_\_\_. The Initial Franchise Fee for the second Restaurant is \$\_\_\_\_\_. The Initial Franchise Fee for each subsequent Restaurant is \$\_\_\_\_\_.

The Development Fee is consideration for this Agreement and not consideration for any Franchise Agreement, is fully earned by us upon execution of this Agreement and is non-refundable. The part of the Initial Franchise Fee that is included in the Development Fee is credited against the Initial Franchise Fee payable upon the signing of each individual Franchise Agreement. The balance of the Initial Franchise Fee for the first Restaurant must be paid at the time of execution of this Agreement, together with the execution by you of the Franchise Agreement for the first Restaurant. The total amount to be paid by you at the time of execution of this Agreement pursuant to this Section, including both the Development Fee and the balance of the Initial Franchise Fee for your first Restaurant is \$\_\_\_\_\_. The balance of the Initial Franchise Fee for each subsequent Restaurant is due as specified in Section 3.B.

B. You must submit a separate application for each Restaurant to be established by you within the Development Territory as further described in Section 4. Upon our consent to the site of your Restaurant, a separate Franchise Agreement must be executed for each

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such Restaurant, at which time the balance of the Initial Franchise Fee for that Restaurant is due and owing. Such payment represents the balance of the appropriate Initial Franchise Fee, as described above in Section 3.A. Upon the execution of each Franchise Agreement, the terms and conditions of the Franchise Agreement control the establishment and operation of such Restaurant.

#### DEVELOPMENT SCHEDULE

4. The following provisions control with respect to your development rights and obligations:

A. You are bound by and strictly must follow the Development Schedule. By the dates set forth under the Development Schedule, you must enter into Franchise Agreements with us pursuant to this Agreement for the number of Restaurants described under the Development Schedule. You also must comply with the Development Schedule requirements regarding (i) the restaurant type to be developed and the opening date for each Restaurant and (ii) the cumulative number of Restaurants to be open and continuously operating for business in the Development Territory. If you fail to either execute a Franchise Agreement or to open a Restaurant according to the dates set forth in the Franchise Agreement, we have the right to (i) require that you hire a franchise development expert with recognized experience in developing franchises in a similar line of business to ours or (ii) immediately terminate this Agreement pursuant to Section 7.B. If you are developing 3 or more restaurants under this Agreement, you will have a "late opening extension right" of two weeks for each restaurant in which we will not have the right under (i) or (ii) in the previous sentence. To take advantage of this late opening extension, you must make a request for the extension 45 days prior to the opening date set forth in the Franchise Agreement and have been in continuous compliance throughout the term of this Agreement.

B. You may not develop a Restaurant unless (i) at least 45 days, but no more than 60 days, prior to the date set forth in the Development Schedule for the execution of each Franchise Agreement, you send us a notice (a) requiring that we send you our then current disclosure documents, (b) confirming your intention to develop the particular Restaurant and (c) sending us all information necessary to complete the Franchise Agreement for the particular Restaurant and (ii) all of the following conditions have been met (these conditions apply to each Restaurant to be developed in the Development Territory):

1. Your Submission of Proposed Site. You must find a proposed site for the Restaurant which you reasonably believe to conform to our site selection criteria, as modified by us from time to time, and submit to us a complete site report (containing such demographic, commercial, and other information and photographs as we may reasonably require) for such site.

2. Our Consent to Proposed Site. You must receive our written consent to your proposed site. We agree not to unreasonably withhold consent to a proposed site. Prior to granting our consent to a site, you must have the site evaluated by the proprietary site evaluator software that has been developed by GeoVue, Inc. You will pay GeoVue, Inc. an evaluation fee of \$400 per site evaluated, provided, that you must purchase the rights to have at least 3 sites evaluated, unless you receive our prior approval to purchase less than 3 sites, based on the trade area. In approving or disapproving any proposed site, we will consider such matters as we deem material, including demographic characteristics of the proposed site, traffic patterns, competition, the proximity to other businesses, the nature of other businesses in proximity to the site, and other commercial characteristics (including the purchase or lease obligations for the proposed site) and the size of premises, appearance and other physical characteristics. Our consent to a proposed site, however, does not in any way constitute a guaranty by us as to the success of the Restaurant.

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3. Your Submission of Information. You must furnish to us, at least 30 days prior to the earliest of (i) the date set forth in the Development Schedule by which you must execute a Franchise Agreement or (ii) the actual date in which the Franchise Agreement would be executed, a franchise application for the proposed Restaurant, financial statements and other information regarding you, the operation of any of

your other Restaurants within the Development Territory and the development and operation of the proposed Restaurant (including, without limitation, investment and financing plans for the proposed Restaurant) as we may reasonably require.

4. Your Compliance with Our Then-Current Standards for Franchisees. You must receive written confirmation from us that you meet our then-current standards for franchisees, including financial capability criteria for the development of a new Restaurant. You acknowledge and agree that this requirement is necessary to ensure the proper development and operation of your Restaurants, and preserve and enhance the reputation and goodwill of all BUFFALO WILD WINGS restaurants and the goodwill of the Trademarks. Our confirmation that you meet our then-current standards for the development of a new Restaurant, however, does not in any way constitute a guaranty by us as to your success.

5. Good Standing. You must not be in default of this Agreement, any Franchise Agreement entered into pursuant to this Agreement or any other agreement between you or any of your affiliates and us or any of our affiliates. You also must have satisfied on a timely basis all monetary and material obligations under the Franchise Agreements for all existing Restaurants.

6. Execution of Franchise Agreement. You and we must enter into our then-current form of Franchise Agreement for the proposed Restaurant. You understand that we may modify the then-current form of Franchise Agreement from time to time and that it may be different than the current form of Franchise Agreement, including different fees and obligations. You understand and agree that any and all Franchise Agreements will be construed and exist independently of this Agreement. The continued existence of each Franchise Agreement will be determined by the terms and conditions of such Franchise Agreement. Except as specifically set forth in this Agreement, the establishment and operation of each Restaurant must be in accordance with the terms of the applicable Franchise Agreement.

C. You must begin substantial construction of each of the Restaurants at least 150 days before the deadline to open each of the Restaurants if the Restaurant will be in a free standing location or at least 120 days before the deadline to open the Restaurant if the Restaurant will be in a non-free standing location. In addition, on or before the deadlines to start construction you must submit to us executed copies of any loan documents and/or any other document that proves that you have secured adequate financing to complete the construction of the Restaurant by the date you are obligated to have that Restaurant open and in operation. In the event that you fail to comply with any of these obligations, we will have the right to terminate this Agreement without opportunity to cure pursuant to subparagraph 7.B.

D. You acknowledge that you have conducted an independent investigation of the prospects for the establishment of Restaurants within the Development Territory, and recognize that the business venture contemplated by this Agreement involves business and economic

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risks and that your financial and business success will be primarily dependent upon the personal efforts of you and your management and employees. We expressly disclaim the making of, and you acknowledge that you have not received, any estimates, projections, warranties or guaranties, express or implied, regarding potential gross sales, profits, earnings or the financial success of the Restaurants you develop within the Development Territory.

E. You recognize and acknowledge that this Agreement requires you to open Restaurants in the future pursuant to the Development Schedule. You further acknowledge that the estimated expenses and

investment requirements set forth in Items 6 and 7 of our Uniform Franchise Offering Circular are subject to increase over time, and that future Restaurants likely will involve greater initial investment and operating capital requirements than those stated in the Uniform Franchise Offering Circular provided to you prior to the execution of this Agreement. You are obligated to execute all the Franchise Agreements and open all the Restaurants on the dates set forth on the Development Schedule, regardless of (i) the requirement of a greater investment, (ii) the financial condition or performance of your prior Restaurants, or (iii) any other circumstances, financial or otherwise. The foregoing shall not be interpreted as imposing any obligation upon us to execute the Franchise Agreements under this Agreement if you have not complied with each and every condition necessary to develop the Restaurants.

#### TERM

5. Unless sooner terminated in accordance with Section 7 of this Agreement and subject to the terms detailed in Section 2.C, the term of this Agreement and all rights granted to you will expire on the date that your last BUFFALO WILD WINGS Restaurant is scheduled to be opened under the Development Schedule.

#### YOUR DUTIES

6. You must perform the following obligations:

A. You must comply with all of the terms and conditions of each Franchise Agreement, including the operating requirements specified in each Franchise Agreement.

B. You and your owners, officers, directors, shareholders, partners, members and managers (if any) acknowledge that your entire knowledge of the operation of a BUFFALO WILD WINGS Restaurant and the System, including the knowledge or know-how regarding the specifications, standards and operating procedures of the services and activities, is derived from information we disclose to you and that certain information is proprietary, confidential and constitutes our trade secrets. The term "trade secrets" refers to the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding the business that is valuable and secret in the sense that it is not generally known to our competitors and any proprietary information contained in the manuals or otherwise communicated to you in writing, verbally or through the internet or other online or computer communications, and any other knowledge or know-how concerning the methods of operation of the Restaurants. You and your owners, officers, directors, shareholders, partners, members and managers (if any), jointly and severally, agree that at all times during and after the term of this Agreement, you will maintain the absolute confidentiality of all such proprietary information and will not disclose, copy, reproduce, sell or use any such information in any other business or in any manner not specifically authorized or approved in advance in writing by us. We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from the individuals identified in the first sentence of this paragraph and other key employees.

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C. You must comply with all requirements of federal, state and local laws, rules and regulations.

D. If you at some time in the future desire to make either a public or a private offering of your securities, prior to such offering and sale, and prior to the public release of any statements, data, or other information of any kind relating to the proposed offering of your securities, you must secure our written approval, which approval will not be unreasonably withheld. You must secure our prior written consent to any and all press releases, news releases and any and all other publicity, the primary purpose of which is to generate interest in your offering. Only after we have given our written approval may you proceed to file, publish, issue, and release and make public any said data, material and information regarding the securities offering. It is

specifically understood that any review by us is solely for our own information, and our approval does not constitute any kind of authorization, acceptance, agreement, endorsement, approval, or ratification of the same, either expressly or implied. You may make no oral or written notice of any kind whatsoever indicating or implying that we and/or our affiliates have any interest in the relationship whatsoever to the proposed offering other than acting as Franchisor. You agree to indemnify, defend, and hold us and our affiliates harmless, and our affiliates' directors, officers, successors and assigns harmless from all claims, demands, costs, fees, charges, liability or expense (including attorneys' fees) of any kind whatsoever arising from your offering of information published or communicated in actions taken in that regard.

E. If neither you, your Principal Owner, nor any other person in your organization possesses, in our judgment, adequate experience and skills to allow you to locate, obtain and develop prime locations in the Development Territory to allow you to meet your development obligations under this Agreement, we can require that you hire or engage a person with those necessary skills.

#### DEFAULT AND TERMINATION

7. The following provisions apply with respect to default and termination:

A. The rights and territorial protection granted to you in this Agreement have been granted in reliance on your representations and warranties, and strictly on the conditions set forth in Sections 2, 4 and 6 of this Agreement, including the condition that you comply strictly with the Development Schedule.

B. You will be deemed in default under this Agreement if you breach any of the terms of this Agreement, including the failure to meet the Development Schedule, or the terms of any Franchise Agreement or any other agreements between you or your affiliates and us or our affiliates. All rights granted in this Agreement immediately terminate upon written notice without opportunity to cure if: (i) you become insolvent, commit any affirmative action of insolvency or file any action or petition of insolvency, (ii) a receiver (permanent or temporary) of your property is appointed by a court of competent authority, (iii) you make a general assignment or other similar arrangement for the benefit of your creditors, (iv) a final judgment remains unsatisfied of record for 30 days or longer (unless supersedeas bond is filed), (v) execution is levied against your business or property, (vi) suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within 30 days, or is not in the process of being dismissed, (vii) you fail to meet the development obligations set forth in the Development Schedule attached as Appendix B, (viii) failure to start substantial construction of any of the Restaurants by the date established in Section 4.C (ix) failure to secure financing for the construction of any of the Restaurants by the date set forth in Section 4.C (x) you

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violate the provisions of Section 10.N; (xi) you fail to comply with any other provision of this Agreement and do not correct the failure within 30 days after written notice of that failure is delivered to you, or (xii) we have delivered to you a notice of termination of a Franchise Agreement in accordance with its terms and conditions.

#### RIGHTS AND DUTIES OF PARTIES UPON TERMINATION OR EXPIRATION

8. Upon termination or expiration of this Agreement, all rights granted to you will automatically terminate, and:

A. All remaining rights granted to you to develop Restaurants under this Agreement will automatically be revoked and will be null and void. You will not be entitled to any refund of any fees. You will have no right to develop or operate any business for which a Franchise Agreement has not been executed by us. We will be entitled to develop and operate, or to franchise others to develop and operate, BUFFALO

WILD Wings restaurants in the Development Territory, except as may be otherwise provided under any Franchise Agreement that has been executed between us and you and that has not been terminated.

B. You must immediately cease to operate your business under this Agreement and must not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former developer of ours.

C. You must take such action as may be necessary to cancel or assign to us or our designee, at our option, any assumed name or equivalent registration that contains the name or any of the words BUFFALO, WILD or WINGS or any other Trademark of ours, and you must furnish us with evidence satisfactory to us of compliance with this obligation within 30 days after termination or expiration of this Agreement.

D. You must assign to us or our designee all your right, title, and interest in and to your telephone numbers and must notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone number in any regular, classified or other telephone directory listing associated with the Trademarks and to authorize transfer of same at our direction.

E. You must within 30 days of the termination or expiration pay all sums owing to us and our affiliates, including the balance of the Initial Franchise Fees that we would have received had you developed all of the Restaurants set forth in the Development Schedule. In addition to the Initial Franchise Fees for undeveloped Restaurants, you agree to pay as fair and reasonable liquidated damages (but not as a penalty) an amount equal to \$50,000 for each undeveloped Restaurant. You agree that this amount is for lost revenues from Royalty Fees and other amounts payable to us, including the fact that you were holding the development rights for those Restaurants and precluding the development of certain Restaurants in the Development Territory, and that it would be difficult to calculate with certainty the amount of damage we will incur. Notwithstanding your agreement, if a court determines that this liquidated damages payment is unenforceable, then we may pursue all other available remedies, including consequential damages.

All unpaid amounts will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual. In the event of termination for any default by you, the sums due will include all damages, costs, and expenses, including reasonable attorneys' fees

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and expenses, incurred by us as a result of the default. You also must pay to us all damages, costs and expenses, including reasonable attorneys' fees and expenses, that we incur subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

F. If this Agreement is terminated solely for your failure to meet the Development Schedule and for no other reason whatsoever, and you have opened at least 50% of the total number of Restaurants provided for in the Development Schedule, you may continue to operate those existing Restaurants under the terms of the separate Franchise Agreement for each Restaurant. On the other hand, if this Agreement is terminated under any other circumstance, we have the option to purchase from you all the assets used in the Restaurants that have been developed prior to the termination of this Agreement. Assets include leasehold improvements, equipment, furniture, fixtures, signs, inventory, liquor licenses and other transferable licenses and permits for the Restaurants.

We have the unrestricted right to assign this option to purchase. We or our assignee will be entitled to all customary warranties and representations given by the seller of a business including, without limitation, representations and warranties as to (i) ownership, condition and title to assets; (ii) liens and encumbrances

relating to the assets; and (iii) validity of contracts and liabilities, inuring to us or affecting the assets, contingent or otherwise. The purchase price for the assets of the Restaurants will be determined in accordance with the post-termination purchase option provision in the individual Franchise Agreement for each Restaurant (with the purchase price to include the value of any goodwill of the business attributable to your operation of the Restaurant if you are in compliance with the terms and conditions of the Franchise Agreement for that Restaurant). The purchase price must be paid in cash at the closing of the purchase, which must take place no later than 90 days after your receipt of notice of exercise of this option to purchase, at which time you must deliver instruments transferring to us or our assignee: (i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us or our assignee), with all sales and other transfer taxes paid by you; and (ii) all licenses and permits of the Restaurants that may be assigned or transferred. If you cannot deliver clear title to all of the purchased assets, or in the event there are other unresolved issues, the closing of the sale will be accomplished through an escrow. We have the right to set off against and reduce the purchase price by any and all amounts owed by you to us, and the amount of any encumbrances or liens against the assets or any obligations assumed by us. You and each holder of an interest in you must indemnify us and our affiliates against all liabilities not so assumed. You must maintain in force all insurance policies required pursuant to the applicable Franchise Agreement until the closing on the sale.

G. All of our and your obligations that expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied or by their nature expire.

#### TRANSFER

9. The following provisions govern any transfer:

A. We have the right to transfer all or any part of our rights or obligations under this Agreement to any person or legal entity.

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B. This Agreement is entered into by us with specific reliance upon your personal experience, skills and managerial and financial qualifications. Consequently, this Agreement, and your rights and obligations under it, are and will remain personal to you. You may only Transfer your rights and interests under this Agreement if you obtain our prior written consent and you transfer all of your rights and interests under all Franchise Agreements for Restaurants in the Development Territory. Accordingly, the assignment terms and conditions of the Franchise Agreements shall apply to any Transfer of your rights and interests under this Agreement. As used in this Agreement, the term "Transfer" means any sale, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets, or of any interest in you.

#### MISCELLANEOUS

10. The parties agree to the following provisions:

A. You agree to indemnify, defend, and hold us, our affiliates and our officers, directors, shareholders and employees harmless from and against any and all claims, losses, damages and liabilities, however caused, arising directly or indirectly from, as a result of, or in connection with, the development, use and operation of your Restaurants, as well as the costs, including attorneys' fees, of defending against them ("Franchise Claims"). Franchise Claims include, but are not limited to, those arising from any death, personal injury or property damage (whether caused wholly or in part through our or our

affiliates active or passive negligence), latent or other defects in any Restaurant, or your employment practices. In the event a Franchise Claim is made against us or our affiliates, we reserve the right in our sole judgment to select our own legal counsel to represent our interests, at your cost.

B. Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses.

C. No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach. This Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us. This Agreement together with the application form executed by you requesting us to enter into this Agreement constitute the sole agreement between the parties with respect to the entire subject matter of this Agreement and embody all prior agreements and negotiations with respect to the business. You acknowledge and agree that you have not received any warranty or guarantee, express or implied, as to the potential volume, profits or success of your business. There are no representations or warranties of any kind, express or implied, except as contained in this Agreement.

D. Except as otherwise provided in this Agreement, any notice, demand or communication provided for must be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid and addressed as follows:

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1. If intended for us, addressed to General Counsel, Buffalo Wild Wings International, Inc., 1600 Utica Avenue South, Suite 700, Minneapolis, Minnesota 55416;

2. If intended for you, addressed to you at \_\_\_\_\_; or,

in either case, to such other address as may have been designated by notice to the other party. Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this subparagraph.

E. Any modification, consent, approval, authorization or waiver granted in this Agreement required to be effective by signature will be valid only if in writing executed by the Principal Owner or, if on behalf of us, in writing executed by our President or one of our authorized Vice Presidents.

F. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. Applicable Law and Waiver. Subject to our rights under federal trademark laws, the parties' rights under this Agreement, and the relationship between the parties, is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state in which your first Restaurant is located. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state in which your first Restaurant is located.

2. Our Rights. Whenever this Agreement provides that

we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify the express limitations set forth in this Agreement.

3. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

G. Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Section 10.M must be brought in the Federal District Court for the District of Minnesota or in Hennepin County District Court, Fourth Judicial District, Minneapolis, Minnesota. Both parties irrevocably submit themselves to, and consent to, the jurisdiction of said courts.

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The provisions of this Section will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this subparagraph, and with a complete understanding, agree to be bound in the manner set forth.

H. All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement.

I. You and us and our affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained.

J. If you are a corporation, partnership, limited liability company or partnership or other legal entity, all of your Principal Owners must execute the form of undertaking and guarantee at the end of this Agreement. Any person or entity that at any time after the date of this Agreement becomes a Principal Owner must execute the form of undertaking and guarantee at the end of this Agreement.

K. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence.

L. In the event of any failure of performance of this Agreement according to its terms by any party due to force majeure will not be deemed a breach of this Agreement. For purposes of this Agreement, "force majeure" shall mean acts of God, State or governmental action, riots, disturbance, war, strikes, lockouts,

slowdowns, prolonged shortage of energy supplies or any raw material, epidemics, fire, flood, hurricane, typhoon, earthquake, lightning and explosion or other similar event or condition, not existing as of the date of signature of this Agreement, not reasonably foreseeable as of such date and not reasonably within the control of any party hereto, which prevents in whole or in material part the performance by one of the parties hereto of its obligations hereunder.

M. Except as qualified below, any dispute between you and us or any of our or your affiliates arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or the business must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association. The arbitration must take place in Minneapolis, Minnesota, or at such other place as may be mutually agreeable to the parties. Any arbitration must be resolved on an individual basis and not joined as part of a class action or the claims of other parties. The arbitrators must follow the law and not disregard the terms of this Agreement. The decision of the arbitrators will be final and binding on all parties to the dispute; however, the arbitrators may not under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; or (iii) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set.

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Before the filing of any arbitration, the parties agree to mediate any dispute that does not include injunctive relief or specific performance actions covered below, provided that the party seeking mediation must notify the other party of its intent to mediate prior to the termination of this Agreement. Mediation will be conducted by a mediator or mediation program agreed to by the parties. Persons authorized to settle the dispute must attend any mediation session. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within 30 days of the notice from the party seeking to initiate the mediation procedures. If not resolved within 30 days, the parties are free to pursue arbitration. Mediation is a compromise negotiation for purposes of the federal and state rules of evidence, and the entire process is confidential.

Nothing in this Agreement bars our right to obtain injunctive relief against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions. Furthermore, we and our affiliates have the right to commence a civil action against you or take other appropriate action for the following reasons: to collect sums of money due to us; to compel your compliance with trademark standards and requirements to protect the goodwill of the Trademarks; to compel you to compile and submit required reports to us; or to permit evaluations or audits authorized by this Agreement.

The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for the Restaurant or Authorized Location, or the business will be entitled to recover its reasonable attorneys' fees and costs.

N. During the term of this Agreement, neither we nor you may employ or seek to employ, directly or indirectly, any person who is at the time or was at any time during the prior 6 months employed in any type of managerial position by the other party or any of its subsidiaries or affiliates, or by any franchisee in the system. In the event that you violate this provision, we will have the right to terminate this Agreement without opportunity to cure pursuant to subparagraph 7.B. In addition, any party who violates this provision agrees to pay as fair and reasonable liquidated damages (but not as a penalty) an amount equal to 2 times the annual compensation that the person being hired away was perceiving at the time the violating party offers her/him employment. You agree that this amount is for the

damages that the non-violating party will suffer for the loss of the person hired away by the other party, including the costs of finding, hiring and training a new employee and for the loss of the services and experience of the employee hired away, and that it would be difficult to calculate with certainty the amount of damages that the non-violating party will incur. Notwithstanding the foregoing, if a court determines that this liquidated damages payment is unenforceable, then the non-violating party may pursue all other available remedies, including consequential damages. This subparagraph will not be violated if (i) at the time we or you employ or seek to employ the person, the former employer has given its written consent or (ii) we employ or seek to employ the person in connection with the transfer of the Restaurant(s) to us or any of our affiliates. The parties acknowledge and agree that any franchisee from whom an employee was hired by you in violation of this subparagraph shall be a third-party beneficiary of this provision, but only to the extent that they may seek compensation from you.

O. We will designate the "Effective Date" of this Agreement in the space provided on the cover page. If no Effective Date is designated on the cover page, the Effective Date is the date when we sign this Agreement.

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IN WITNESS WHEREOF, the parties have executed the foregoing Agreement as of the dates written below.

DEVELOPER:

FRANCHISOR

BUFFALO WILD WINGS INTERNATIONAL,  
INC.

Date: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: Sally J. Smith  
Its: President & CEO

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

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PERSONAL GUARANTY AND AGREEMENT TO BE BOUND  
PERSONALLY BY THE TERMS AND CONDITIONS  
OF THE AREA DEVELOPMENT AGREEMENT

In consideration of the execution of the Area Development Agreement (the "Agreement") between BUFFALO WILD WINGS INTERNATIONAL, INC. ("we" or "us")

and \_\_\_\_\_ (the "Developer"), dated \_\_\_\_\_, 2006 and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Developer, including without limitation the arbitration and other dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Agreement.

The undersigned waives (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; (3) any right he/she may have to require that an action be brought against the Developer or any other person as a condition of liability; and (4) notice of any changes permitted by the terms of the Agreement or agreed to by the Developer.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the Developer or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the Developer's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned; and (3) this Personal Guaranty shall apply in all modifications to the Agreement of any nature agreed to by Developer with or without the undersigned receiving notice thereof.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of our successors and assigns.

DEVELOPER:

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PERSONAL GUARANTORS:

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Individually	Individually
-----	-----
Print Name	Print Name
-----	-----
Address	Address
-----	-----
City State Zip Code	City State Zip Code
-----	-----
Telephone	Telephone

-----	-----
Individually	Individually
-----	-----
Print Name	Print Name
-----	-----
Address	Address

-----  
City                    State                    Zip Code  
-----  
                         Telephone

-----  
City                    State                    Zip Code  
-----  
                         Telephone

APPENDIX A  
DESCRIPTION OF DEVELOPMENT TERRITORY

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DEVELOPER:

FRANCHISOR

BUFFALO WILD WINGS INTERNATIONAL,  
INC.

Date: -----

Date: -----

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By: -----  
Its: -----

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By:            Sally J. Smith  
Its: President & CEO  
-----

By: -----  
Its: -----

By: -----  
Its: -----

DEVELOPMENT SCHEDULE

You acknowledge and agree that a material provision of the Area Development Agreement is that the following number of BUFFALO WILD WINGS Restaurants must be opened and continuously operating in the Development Territory in accordance with the following Development Schedule:

Restaurant Number	Restaurant Type	Date by Which Franchise Agreement Must be Signed	Date by Which the Restaurant Must be Opened and Continuously Operating for Business in the Territory	Cumulative number of Restaurants Required to be Open and Continuously Operating for Business in the Development Territory as of the Date in Preceding Column
1		Date of this Agreement		1
2				2

For purposes of determining compliance with the above Development Schedule, only the Restaurants actually open and continuously operating for business in the Development Territory as of a given date will be counted toward the number of Restaurants required to be open and continuously operating for business.

DEVELOPER:

FRANCHISOR

BUFFALO WILD WINGS INTERNATIONAL, INC.

Date: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: Sally J. Smith  
Its: President & CEO

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ADDENDUM TO  
BUFFALO WILD WINGS(R)  
AREA DEVELOPMENT AGREEMENT FOR THE  
STATE OF ILLINOIS

This Addendum pertains to franchises sold in the State of Illinois and

is for the purpose of complying with Illinois statutes and regulations. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following:

1. Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void." Accordingly, the fourth and fifth sentences of Section 10.C of the Agreement are hereby deleted in their entirety.

2. Section 10.C of the Agreement is hereby amended to include the following:

Nothing in this Section 10.C, however, may be construed to mean that you may not rely on the BUFFALO WILD WINGS Offering Circular that we provided to you in connection with the offer and purchase of your BUFFALO WILD WINGS Business. Although the statements in the Offering Circular do not become part of the Area Development Agreement, nothing in the Offering Circular may contradict or be inconsistent with the contract terms.

3. The first sentence of Section 10.G is therefore deleted in its entirety, and the following substituted in lieu thereof:

Subject to Section 10.M, any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties must be brought in the Illinois federal or state court for the Designated Area in which you are located.

4. Section 10.F(1) is deleted in its entirety and replaced with the following:

Applicable Law and Waiver. Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Section 10.M of this Agreement, the parties' rights under this Agreement, and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws of Illinois.

5. Except as amended herein, the Area Development Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

YOU: WE: BUFFALO WILD WINGS INTERNATIONAL, INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: Sally J. Smith  
Its: President & CEO

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ADDENDUM TO  
BUFFALO WILD WINGS (R)  
AREA DEVELOPMENT AGREEMENT FOR THE  
STATE OF MARYLAND

This Addendum pertains to franchises sold in the State of Maryland and is for the purpose of complying with Maryland statutes and regulations. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended as follows:

1. The following sentence is hereby added to the end of Section 10.C:

Nothing in this Section 10.C, however, will act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2. Section 10.G is amended to provide that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Section 10.G is further amended to provide that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the date of the Franchise Agreement.

3. Any provision in the Agreement that requires you to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law is not intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Except as amended herein, the Area Development Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

YOU: WE: BUFFALO WILD WINGS INTERNATIONAL,  
INC.

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By: Sally J. Smith  
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Its: President & CEO  
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By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ADDENDUM TO  
BUFFALO WILD WINGS (R)  
AREA DEVELOPMENT AGREEMENT FOR THE  
STATE OF MINNESOTA

This Addendum pertains to franchises sold in the State of Minnesota and is for the purpose of complying with Minnesota statutes and regulations. Notwithstanding anything which may be contained in the body of the Area

Development Agreement to the contrary, the Agreement is amended as follows:

1. We will undertake the defense of any claim of infringement by third parties involving the BUFFALO WILD WINGS mark, and you will cooperate with the defense in any reasonable manner prescribed by us with any direct cost of such cooperation to be borne by us.

2. Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this Franchise Agreement, Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of the franchise agreement.

3. Section 10.H is hereby deleted in its entirety.

4. Except as amended herein, the Area Development Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

YOU: WE: BUFFALO WILD WINGS INTERNATIONAL, INC.

By: Its: -----

By: Sally J. Smith Its: President & CEO -----

By: Its: -----

By: Its: -----

ADDENDUM TO BUFFALO WILD WINGS (R) AREA DEVELOPMENT AGREEMENT FOR THE STATE OF NORTH DAKOTA

This Addendum pertains to franchises sold in the State of North Dakota and is for the purpose of complying with North Dakota statutes and regulations. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following:

1. The North Dakota Securities Commissioner has held that requiring franchisees to consent to the jurisdiction of courts outside of North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The first sentence of Section 10.G is therefore deleted in its entirety, and the following substituted in lieu thereof:

Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration must be brought in the Federal District Court for the District of Minnesota or in Hennepin County District Court, Fourth Judicial District, Minneapolis, Minnesota or the federal or state court of the Development Territory in which you are located.

2. Section 10.H is hereby deleted from the Area Development Agreement, as a waiver of punitive damages is considered unenforceable in the State of North Dakota.

3. Except as amended herein, the Area Development Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

YOU: WE: BUFFALO WILD WINGS INTERNATIONAL, INC.

By: Its: -----

By: Sally J. Smith Its: President & CEO -----

By: Its: -----

By: Its: -----

ADDENDUM TO BUFFALO WILD WINGS(R) AREA DEVELOPMENT AGREEMENT FOR THE STATE OF WASHINGTON

This Addendum pertains to franchises sold in the State of Washington and is for the purpose of complying with Washington statutes and regulations. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following:

1. Section 10.C of the Area Development Agreement is amended by the addition of the following language:

If any of the provisions in the Franchise Offering Circular or Area Development Agreement are inconsistent with the relationship provisions of R.C.W. 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the Franchise Offering Circular and Area Development Agreement with regard to any franchise sold in Washington.

2. Section 10 of the Area Development Agreement is amended by the addition of the following language:

A release or waiver of rights executed by you will not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

3. Except as amended herein, the Area Development Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

YOU: WE: BUFFALO WILD WINGS INTERNATIONAL, INC.

By: Sally J. Smith
Its: President & CEO

By:
Its:

By:
Its:

ADDENDUM TO
BUFFALO WILD WINGS (R)
AREA DEVELOPMENT AGREEMENT FOR THE
STATE OF WISCONSIN

This Addendum pertains to franchisees in the State of Wisconsin and is for the purpose of complying with Wisconsin statutes and regulations. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following:

1. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, Section 7.B of the Agreement is extended as follows:

We will provide you at least 90 days' prior written notice of termination, cancellation, or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, or substantial change in competitive circumstances and will provide that you have 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days, the notice will be void. If the reason for termination, cancellation, or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will be entitled to written notice of such default, and will have not less than 10 days in which to remedy such default from the date of delivery or posting of such notice.

2. Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between you and us inconsistent with the Law.

3. Except as amended herein, the Area Development Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

YOU: WE: BUFFALO WILD WINGS INTERNATIONAL,

INC.

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By: -----  
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Its: -----  
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By: Sally J. Smith  
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Its: President & CEO  
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By: -----  
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Its: -----  
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ACKNOWLEDGMENT ADDENDUM TO  
BUFFALO WILD WINGS(R) AREA DEVELOPMENT AGREEMENT

As you know, you and we are entering into Area Development Agreement for the development and operation of BUFFALO WILD WINGS(R) restaurants. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations\*.

1. Did you receive a copy of our Offering Circular (and all exhibits and attachments) at least 10 business days prior to signing the Area Development Agreement? Check one: ( ) Yes ( ) No. If no, please comment:  
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- 1A. For Illinois residents or those wishing to locate their franchise in Illinois, did you receive a copy of our Offering Circular (and all exhibits and attachments) at least 14 calendar days prior to signing the Area Development Agreement? Check one:( ) Yes ( ) No. If no, please comment:  
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2. Have you studied and reviewed carefully our Offering Circular and Area Development Agreement? Check one: ( ) Yes ( ) No. If no, please comment:  
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3. Did you receive a copy of the Area Development Agreement at least 5 business days prior to the date on which the Area Development Agreement was executed? Check one: ( ) Yes ( ) No. If no, please comment:  
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4. Did you understand all the information contained in both the Offering Circular and Area Development Agreement? Check one: ( ) Yes ( ) No. If no, please comment:  
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5. Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Offering Circular? Check one: ( )

Yes ( ) No. If yes, please state in detail the oral, written or visual claim or representation:

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6. Except as state in Item 19, did any employee or other person speaking on behalf of Buffalo Wild Wings International, Inc. make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any BUFFALO WILD WINGS location or business, or the likelihood of success at your franchised business? Check one: ( ) Yes ( ) No. If yes, please state in detail the oral, written or visual claim or representation:

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7. Did any employee or other person speaking on behalf of Buffalo Wild Wings International, Inc. make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Offering Circular or that is contrary to, or different from, the information contained in the Offering Circular. Check one: ( ) Yes ( ) No. If yes, please comment:

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8. Do you understand that that the franchise granted is for the right to develop and operate the Restaurants in the Development Territory, as stated in Subparagraph 2.B, and that, according to Subparagraph 2.D, we and our affiliates have the right to distribute products through alternative methods of distribution and to issue franchises or operate competing businesses for or at locations, as we determine, (i) outside of your Designated Area using any trademarks; (ii) inside your Development Territory using any trademarks other than the BUFFALO WILD WINGS Trademark; and (iii) inside the Development Territory using the BUFFALO WILD WINGS Trademark, for facilities at Special Sites and facilities with interior areas less than 2,400 square feet (subject to your right of first refusal as detailed in the ADA)? Check one: ( ) Yes ( ) No. If no, please comment:

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9. Do you understand that the success or failure of the development and operation of your Restaurants will depend in large part upon your skills and experience, your business acumen, your location, the local market for products under the BUFFALO WILD WINGS trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Business may change? Check one ( ) Yes ( ) No. If no, please comment:

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YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

APPROVED ON BEHALF OF BUFFALO WILD WINGS INTERNATIONAL, INC.

Signed: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: Sally J. Smith, President & CEO

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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\*Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law.

ACKNOWLEDGMENT ADDENDUM TO  
BUFFALO WILD WINGS(R) AREA DEVELOPMENT AGREEMENT

As you know, you and we are entering into Area Development Agreement for the development and operation of BUFFALO WILD WINGS(R) restaurants. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

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1. Did you receive a copy of our Offering Circular (and all exhibits and attachments) at least 10 business days prior to signing the Area Development Agreement? Check one:  Yes  No. If no, please comment:  
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2. Have you studied and reviewed carefully our Offering Circular and Area Development Agreement? Check one:  Yes  No. If no, please comment:  
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3. Did you receive a copy of the Area Development Agreement at least 5 business days prior to the date on which the Area Development Agreement was executed? Check one:  Yes  No. If no, please comment:  
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4. Did you understand all the information contained in both the Offering Circular and Area Development Agreement? Check one:  Yes  No. If no, please comment:  
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5. Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Offering Circular? Check one:  Yes  No. If yes, please state in detail the oral, written or visual claim or representation:  
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6. Except as state in Item 19, did any employee or other person speaking on behalf of Buffalo Wild Wings International, Inc. make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any BUFFALO WILD WINGS location or business, or the likelihood of success at your franchised business? Check one:  Yes  No. If yes, please state in detail the oral, written or visual claim or representation:  
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7. Did any employee or other person speaking on behalf of Buffalo Wild Wings International, Inc. make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Offering Circular or that is contrary to, or different from, the information contained in the Offering Circular. Check one:  Yes  No. If yes, please comment:  
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8. Do you understand that that the franchise granted is for the right to develop and operate the Restaurants in the Development Territory, as stated in Subparagraph 2.B, and that, according to Subparagraph 2.D, we and our affiliates have the right to distribute products through alternative methods of distribution and to issue franchises or operate competing businesses for or at locations, as we determine, (i) outside of your Designated Area using any trademarks; (ii) inside your Development Territory using any trademarks other than the BUFFALO WILD WINGS Trademark; and (iii) inside the Development Territory using the BUFFALO WILD WINGS Trademark, for facilities at Special Sites and facilities with interior areas less than 2,400 square feet (subject to your right of first refusal as detailed in the ADA)? Check one:  Yes  No. If no, please comment:  
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NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

APPROVED ON BEHALF OF BUFFALO WILD WINGS INTERNATIONAL, INC.

Signed: _____	By: _____
Print Name: _____	Title: Sally J. Smith, President & CEO
Date: _____	Date: _____

\*Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law.

ACKNOWLEDGMENT ADDENDUM TO  
BUFFALO WILD WINGS(R) AREA DEVELOPMENT AGREEMENT

As you know, you and we are entering into Area Development Agreement for the

development and operation of BUFFALO WILD WINGS(R) restaurants. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

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- 1A. For Illinois residents or those wishing to locate their franchise in Illinois, did you receive a copy of our Offering Circular (and all exhibits and attachments) at least 14 calendar days prior to signing the Area Development Agreement? Check one:  Yes  No. If no, please comment:  
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2. Have you studied and reviewed carefully our Offering Circular and Area Development Agreement? Check one:  Yes  No. If no, please comment:  
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6. Except as state in Item 19, did any employee or other person speaking on behalf of Buffalo Wild Wings International, Inc. make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any BUFFALO WILD WINGS location or business, or the likelihood of success at your franchised business? Check one:  Yes  No. If yes, please state in detail the oral, written or visual claim or representation:  
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8. Do you understand that that the franchise granted is for the right to develop and operate the Restaurants in the Development Territory, as

stated in Subparagraph 2.B, and that, according to Subparagraph 2.D, we and our affiliates have the right to distribute products through alternative methods of distribution and to issue franchises or operate competing businesses for or at locations, as we determine, (i) outside of your Designated Area using any trademarks; (ii) inside your Development Territory using any trademarks other than the BUFFALO WILD WINGS Trademark; and (iii) inside the Development Territory using the BUFFALO WILD WINGS Trademark, for facilities at Special Sites and facilities with interior areas less than 2,400 square feet (subject to your right of first refusal as detailed in the ADA)? Check one: ( ) Yes ( ) No. If no, please comment:

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9. Do you understand that the success or failure of the development and operation of your Restaurants will depend in large part upon your skills and experience, your business acumen, your location, the local market for products under the BUFFALO WILD WINGS trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Business may change? Check one ( ) Yes ( ) No. If no, please comment:

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YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

APPROVED ON BEHALF OF BUFFALO WILD WINGS INTERNATIONAL, INC.

Signed: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: Sally J. Smith, President & CEO  
\_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\*Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors  
Buffalo Wild Wings, Inc:

We consent to the incorporation by reference in the registration statement (No. 333-110767 and 333-134513) on Form S-8 of Buffalo Wild Wings, Inc., of our reports dated March 8, 2007, with respect to the consolidated balance sheets of Buffalo Wild Wings, Inc. and subsidiaries as of December 31, 2006 and December 25, 2005 and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the fiscal years in the three-year period ended December 31, 2006 and the related consolidated statement schedule, management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2006 and the effectiveness of internal control over financial reporting as of December 31, 2006, which reports appear in the December 31, 2006 annual report on Form 10-K of Buffalo Wild Wings, Inc.

Our report on the consolidated financial statements refers to the Company's adoption of the provisions of Statement of Financial Accounting Standards No. 123 (Revised 2004), Share-Based Payment, on December 26, 2005.

Minneapolis, Minnesota  
March 12, 2007

CERTIFICATION  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Sally J. Smith, certify that:

1. I have reviewed this report on Form 10-K for fiscal year ended December 31, 2006 of Buffalo Wild Wings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 12, 2007

/s/ SALLY J. SMITH

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Sally J. Smith, Chief Executive Officer



CERTIFICATION  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Mary J. Twinem, certify that:

1. I have reviewed this report on Form 10-K for fiscal year ended December 31, 2006 of Buffalo Wild Wings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 12, 2007

/s/ MARY J. TWINEM

-----  
Mary J. Twinem, Chief Financial Officer



CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Buffalo Wild Wings, Inc. (the "company") on Form 10-K for the year ended December 31, 2006 as filed with the Securities and Exchange Commission (the "Report"), I, Sally J. Smith, Chief Executive Officer of the company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the company.

Date: March 12, 2007

/s/ SALLY J. SMITH  
-----  
Sally J. Smith, Chief Executive Officer

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Buffalo Wild Wings, Inc. (the "company") on Form 10-K for the year ended December 31, 2006 as filed with the Securities and Exchange Commission (the "Report"), I, Mary J. Twinem, Chief Financial Officer of the company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the company.

Date: March 12, 2007

/s/ MARY J. TWINEM  
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Mary J. Twinem, Chief Financial Officer