FORM SC 13D/A

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities [amend]

Filing Date: **2005-02-03**
SEC Accession No. 0000950137-05-001148

FILED BY

FITZPATRICK DANIEL B

CIK:**939167**
Type: **SC 13D/A**

Mailing Address
4220 EDISON LAKES PKWY
C/O QUALITY DINING INC
MISHAWAKA IN 46545

Business Address
2192714600

SUBJECT COMPANY

QUALITY DINING INC

CIK:**917126**| IRS No.: **351804902** | State of Incorp.:**IN** | Fiscal Year End: **1030**
Type: **SC 13D/A** | Act: **34** | File No.: **005-43869** | Film No.: **05574362**
SIC: **5812** Eating places

Mailing Address
4220 EDISON LAKES PKWY
MISHAWAKA IN 46545

Business Address
4220 EDISON LAKES PKWY
MISHAWAKA IN 46545
2192714600

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13D
(Rule 13d-101)
Information to be Included in Statements Filed Pursuant to Rule 13d-1(a) and Amendments Thereto Filed Pursuant to Rule 13d-2(a)
Under the Securities Exchange Act of 1934
(Amendment No. 12)(1)

QUALITY DINING, INC.
(Name of Issuer)

COMMON STOCK, NO PAR VALUE
(Title of Class of Securities)

74756P 10 5
(CUSIP Number)

DANIEL B. FITZPATRICK
QUALITY DINING, INC.
4220 EDISON LAKES PARKWAY
MISHAWAKA, INDIANA 46545
TELEPHONE: (574) 271-4600
FACSIMILE: (574) 243-4377
(Name, address and telephone number of person authorized to receive notices and communications)

February 3, 2005
(Date of event which requires filing of this statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box [ ].

NOTE: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

---

(1) This Statement is a joint filing and constitutes Amendment No. 12 to the Schedule 13D of Daniel B. Fitzpatrick, Amendment No. 3 to the Schedule 13D of Gerald O. Fitzpatrick, James K. Fitzpatrick, Ezra H. Friedlander and John C. Firth, and Amendment No. 1 to the Schedule 13D of William Roy Schonsheck and Nanette Marie Schonsheck.

CUSIP No. 74756P 10 5
(1) NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Daniel B. Fitzpatrick

---

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a)[X]
(b)[ ]

---

(3) SEC USE ONLY

---

(4) SOURCE OF FUNDS
BK, PF, OO

---

(5) CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS
REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)[ ]

---

(6) CITIZENSHIP OR PLACE OF ORGANIZATION
United States

NUMBER OF SHARES BENEFICIALLY OWNED BY PERSON WITH

(7) SOLE VOTING POWER 3,929,073

(8) SHARED VOTING POWER -0-

(9) SOLE DISPOSITIVE POWER 3,929,073

(10) SHARED DISPOSITIVE POWER -0-

---

(11) AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
3,929,073

---

(12) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (11) EXCLUDES CERTAIN SHARES [X]

---

(13) PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
33.88%

---

(14) TYPE OF REPORTING PERSON
IN

CUSIP No. 74756P 10 5

---

(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Gerald O. Fitzpatrick

---

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a)[X]
(b)[ ]

---

(3) SEC USE ONLY

---

(4) SOURCE OF FUNDS

BK, PF, OO

---

(5) CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS
REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)[ ]

---

(6) CITIZENSHIP OR PLACE OF ORGANIZATION
United States

NUMBER OF SHARES BENEFICIALLY OWNED BY PERSON WITH

(7) SOLE VOTING POWER 275,478*

(8) SHARED VOTING POWER -0-

(9) SOLE DISPOSITIVE POWER 275,478*

(10) SHARED DISPOSITIVE POWER -0-

---

(11) AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
275,478*

---

(12) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (11) EXCLUDES CERTAIN SHARES [X]

---

(13) PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
2.37%

---

(14) TYPE OF REPORTING PERSON
IN

---

* Includes presently exercisable stock options to purchase 41,732 shares.

CUSIP No. 74756P 10 5

---

(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
James K. Fitzpatrick

---

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a)[X]
(b)[ ]

---

(3) SEC USE ONLY

---

(4) SOURCE OF FUNDS
BK, PF, OO

---

(5) CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS
REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)[ ]

---

(6) CITIZENSHIP OR PLACE OF ORGANIZATION
United States

NUMBER OF SHARES BENEFICIALLY OWNED BY PERSON WITH

(7) SOLE VOTING POWER 389,749*

(8) SHARED VOTING POWER -0-

(9) SOLE DISPOSITIVE POWER 389,749*

(10) SHARED DISPOSITIVE POWER -0-

---

(11) AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
389,749*

---

(12) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (11) EXCLUDES CERTAIN SHARES [X]

---

(13) PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
3.35%

---

(14) TYPE OF REPORTING PERSON
IN

---

* Includes presently exercisable stock options to purchase 42,304 shares.

CUSIP No. 74756P 10 5

---

(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Ezra H. Friedlander

---

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a)[X]
(b)[ ]

---

(3) SEC USE ONLY

---

(4) SOURCE OF FUNDS
BK, PF, OO

---

(5) CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS
REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)[ ]

---

(6) CITIZENSHIP OR PLACE OF ORGANIZATION
United States

NUMBER OF SHARES BENEFICIALLY OWNED BY PERSON WITH

(7) SOLE VOTING POWER 516,031*

(8) SHARED VOTING POWER -0-

(9) SOLE DISPOSITIVE POWER 516,031*

(10) SHARED DISPOSITIVE POWER -0-

---

(11) AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
516,031*

---

(12) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (11) EXCLUDES CERTAIN SHARES [X]

---

(13) PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
4.44%

---

(14) TYPE OF REPORTING PERSON
IN

---

* Includes presently exercisable stock options to purchase 20,000 shares and 15,000 shares held by Mr. Friedlander's spouse in a retirement account.

CUSIP No. 74756P 10 5

---

(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
John C. Firth

---

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a)[X]
(b)[ ]

---

(3) SEC USE ONLY

---

(4) SOURCE OF FUNDS
BK, PF, OO

---

(5) CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS
REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)[ ]

---

(6) CITIZENSHIP OR PLACE OF ORGANIZATION
United States

NUMBER OF SHARES BENEFICIALLY OWNED BY PERSON WITH

(7) SOLE VOTING POWER 265,092*

(8) SHARED VOTING POWER -0-

(9) SOLE DISPOSITIVE POWER 265,092*

(10) SHARED DISPOSITIVE POWER -0-

---

(11) AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
265,092*

---

(12) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (11) EXCLUDES CERTAIN SHARES [X]

---

(13) PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
2.27%

---

(14) TYPE OF REPORTING PERSON
IN

---

* Includes presently exercisable stock options to purchase 90,736 shares.

CUSIP No. 74756P 10 5

---

(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
William Roy Schonsheck

---

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a)[X]
(b)[ ]

---

(3) SEC USE ONLY

---

(4) SOURCE OF FUNDS
PF, OO

---

(5) CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS
REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)[ ]

---

(6) CITIZENSHIP OR PLACE OF ORGANIZATION
United States

NUMBER OF SHARES BENEFICIALLY OWNED BY PERSON WITH

(7) SOLE VOTING POWER 545,220

(8) SHARED VOTING POWER -0-

(9) SOLE DISPOSITIVE POWER 545,220

(10) SHARED DISPOSITIVE POWER -0-

---

(11) AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
545,220

---

(12) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (11) EXCLUDES CERTAIN SHARES [X]

---

(13) PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
4.70%

---

(14) TYPE OF REPORTING PERSON
IN

CUSIP No. 74756P 10 5

---

(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Nanette Marie Schonsheck

---

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a)[X]
(b)[ ]

---

(3) SEC USE ONLY

---

(4) SOURCE OF FUNDS
PF

---

(5) CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS
REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)[ ]

---

(6) CITIZENSHIP OR PLACE OF ORGANIZATION
United States

NUMBER OF SHARES BENEFICIALLY OWNED BY PERSON WITH

(7) SOLE VOTING POWER 60,778

(8) SHARED VOTING POWER -0-

(9) SOLE DISPOSITIVE POWER 60,778

(10) SHARED DISPOSITIVE POWER -0-

---

(11) AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
60,778

---

(12) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (11) EXCLUDES CERTAIN SHARES [X]

---

(13) PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
0.52%

---

(14) TYPE OF REPORTING PERSON
IN

INTRODUCTORY STATEMENT

This Statement is a joint filing which (i) constitutes Amendment No. 12 to the Schedule 13D filing of Daniel B. Fitzpatrick, Chairman, President and Chief Executive Officer of Quality Dining, Inc., an Indiana corporation (the "Company"), filed on June 6, 2000, as previously amended by Amendment No. 1 to Schedule 13D, filed on August 10, 2000, Amendment No. 2 to Schedule 13D, filed on November 7, 2000, Amendment No. 3 to Schedule 13D, filed on March 1, 2001, Amendment No. 4 to Schedule 13D, filed on May 16, 2001, Amendment No. 5 to Schedule 13D, filed on June 28, 2001, Amendment No. 6 to Schedule 13D, filed on

October 1, 2002, Amendment No. 7 to Schedule 13D, filed on June 25, 2003, Amendment No. 8 to Schedule 13D, filed on June 27, 2003, Amendment No. 9 to the Schedule 13D, filed on June 15, 2004, Amendment No. 10 to Schedule 13D, filed on October 12, 2004, and Amendment No. 11 to Schedule 13D, filed on November 10, 2004 (collectively, the "Schedule 13D"), (ii) constitutes Amendment No. 3 to the Schedule 13D filing of Gerald O. Fitzpatrick, James K. Fitzpatrick, Ezra H. Friedlander and John C. Firth, filed on June 15, 2004, as previously amended by Amendment No. 1 to Schedule 13D, filed on October 12, 2004, and Amendment No. 2 to Schedule 13D, filed on November 10, 2004, and (iii) constitutes Amendment No. 1 to the Schedule 13D filing of William Roy Schonsheck and Nanette Marie Schonsheck, filed on January 30, 2002, in each case with respect to the Common Stock of the Company.

ITEM 2. IDENTITY AND BACKGROUND

This Statement is being filed by the following persons:

(i) Daniel B. Fitzpatrick ("Fitzpatrick"), who is Chairman, President and Chief Executive Officer of the Company and a member of the Board of Directors of the Company. His address is 4220 Edison Lakes Parkway, Mishawaka, Indiana 46545.

(ii) Gerald O. Fitzpatrick ("G. Fitzpatrick"), who is Senior Vice President, Burger King Division, of the Company and a member of the Board of Directors of the Company. His address is 4220 Edison Lakes Parkway, Mishawaka, Indiana 46545.

(iii) James K. Fitzpatrick ("J. Fitzpatrick"), who is Senior Vice President and Chief Development Officer of the Company and a member of the Board of Directors of the Company. His address is 4220 Edison Lakes Parkway, Mishawaka, Indiana 46545.

(iv) Ezra H. Friedlander ("Friedlander"), who is a judge on the Indiana Court of Appeals and a member of the Board of Directors of the Company. His address is State House of Indiana, 200 W. Washington, Room 416, Indianapolis, Indiana 47204.

(v) John C. Firth ("Firth"), who is Executive Vice President, General Counsel and Secretary of the Company. His address is 4220 Edison Lakes Parkway, Mishawaka, Indiana 46545.

(vi) William Roy Schonsheck ("W. Schonsheck") who is the Managing Partner of BW3, LLC, a day spa operating company. His address is 14891 N. Northsight, Suite 121, Scottsdale, Arizona 85260.

(vii) Nanette Marie Schonsheck ("N. Schonsheck") who is the wife of W. Schonsheck. Her address is 14891 N. Northsight, Suite 121, Scottsdale, Arizona 85260.

Each of the persons listed in clauses (i) to (vii) above is hereinafter referred to individually as a "Reporting Person" and the persons listed in clauses (i) to (vi) above are collectively referred to as the "Shareholder Group".

During the last five years, none of the Reporting Persons has been (a)

convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (b) a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Each Reporting Person is a citizen of the United States of America.

ITEM 4. PURPOSE OF TRANSACTION.

The members of the Shareholder Group collectively own 5,710,871 shares of Common Stock and will contribute 5,421,983 of such shares to Merger Corp. immediately prior to the Merger in accordance with the Merger Agreement. The remaining shares will be converted into the cash Merger price at the effective time of the Merger in accordance with the Merger Agreement. The table below sets forth the number of shares of Common Stock held by each of the members of the Shareholder Group and the number of shares that will be converted into the cash Merger price and the number of shares that will be contributed to Merger Corp:

<Table>
<Caption>

NAME	SHARES CURRENTLY HELD	SHARES CONVERTED TO CASH IN THE MERGER	SHARES CONTRIBUTED TO MERGER CORP.
<S>	<C>	<C>	<C>
Daniel B. Fitzpatrick	3,929,073	0	3,929,073
Gerald O. Fitzpatrick	233,746	0	233,746
James K. Fitzpatrick	347,445	0	347,445
Ezra H. Friedlander	481,031	56,000	425,031
John C. Firth	174,356	4,500	169,856
William R. Schonsheck	545,220	228,388	316,832
Total	5,710,871	288,888	5,421,983

</Table>

On February 3, 2005, the original members of the Shareholder Group entered into an amended and restated shareholders agreement (the "Amended and Restated Shareholders Agreement") that sets forth the terms of their relationship as shareholders of Quality Dining following the Merger. In addition, W. Schonsheck became a member of the Shareholder Group and entered into the Amended and Restated Shareholders Agreement. Pursuant to the Amended and Restated Shareholders Agreement, the members of the Shareholder Group have agreed to certain transfer restrictions on their shares of Common Stock following the Merger, including rights of first refusal, tag along rights, drag along rights, Company call rights and Shareholder put rights. The Amended and Restated Shareholders Agreement also addresses organizational matters, supermajority Shareholder approval of certain significant business decisions and access to financial information.

On February 3, 2005, W. Schonsheck entered into a joinder agreement with the Company and Merger Corp. (the "Joinder Agreement"), pursuant to which he has agreed to vote his shares of Common Stock in the same manner as the original members of the Shareholder Group, that is for and against approval of

the Merger Agreement and the Merger in the same proportion as the votes cast by all other shareholders voting at the special meeting to be held to vote on the Merger (with abstentions being deemed to be votes against approval of the Merger Agreement and the Merger). N. Schonsheck did not enter into the Amended and Restated Shareholders Agreement and is not a member of the Shareholder Group and, accordingly, her shares of Common Stock will be converted into the cash Merger price at the effective time of the Merger.

The foregoing summaries of the Amended and Restated Shareholders Agreement and the Joinder Agreement do not purport to be complete and are subject to and qualified in their entirety by reference to the text of the Amended and Restated Shareholders Agreement and the Joinder Agreement. A copy of the Amended and Restated Shareholders Agreement and the Joinder Agreement are included as Exhibits 1 and 2 hereto, respectively, and are incorporated by reference into this Item 4.

Except as is described on this Statement, none of the Reporting Persons has any plans or proposals which relate to or would result in:

(a) The acquisition by any person of additional securities of the issuer, or the disposition of securities of the issuer;

(b) An extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the issuer or any of its subsidiaries;

(c) A sale or transfer of a material amount of assets of the issuer or any of its subsidiaries;

(d) Any change in the present board of directors or management of the issuer, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board;

(e) Any material change in the present capitalization or dividend policy of the issuer;

(f) Any other material change in the issuer's business or corporate structure; including but not limited to, if the issuer is a registered closed-end investment company, any plans or proposals to make any changes in its investment policy for which a vote is required by Section 13 of the Investment Company Act of 1940;

(g) Changes in the issuer's charter, bylaws or instruments corresponding thereto or other actions which may impede the acquisition of control of the issuer by any person;

(h) Causing a class of securities of the issuer to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association;

(i) A class of equity securities of the issuer becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Act; or

(j) Any action similar to any of those enumerated above.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER

(a) Aggregate number and percentage of shares of Common Stock:

(i) Fitzpatrick beneficially owns 3,929,073 shares of Common Stock, or 33.88% of the outstanding shares of Common Stock.

(ii) G. Fitzpatrick beneficially owns 275,478 shares of Common Stock, or 2.37% of the outstanding shares of Common Stock. The total number of shares includes 41,732 shares of Common Stock that G. Fitzpatrick has the right to acquire upon exercise of options.

(iii) J. Fitzpatrick beneficially owns 389,749 shares of Common Stock, or 3.35% of the outstanding shares of Common Stock. The total number of shares includes 42,304 shares of Common Stock that J. Fitzpatrick has the right to acquire upon exercise of options.

(iv) Friedlander beneficially owns 516,031 shares of Common Stock, or 4.44% of the outstanding shares of Common Stock. The total number of shares includes 20,000 shares of Common Stock that Friedlander has the right to acquire upon exercise of options and 15,000 shares held by Mr. Friedlander's spouse in a retirement account.

(v) Firth beneficially owns 265,092 shares of Common Stock, or 2.27% of the outstanding shares of Common Stock. The total number of shares includes 90,736 shares of Common Stock that Firth has the right to acquire upon exercise of options.

(vi) W. Schonsheck beneficially owns 545,220 shares of Common Stock, or 4.70% of the outstanding shares of Common Stock.

(vii) N. Schonsheck beneficially owns 60,778 shares of Common Stock, or 0.52%.

By virtue of their having formed the Shareholder Group, the Reporting Persons who are participants in the Shareholder Group may, as a group, be deemed to beneficially own 5,725,871 million shares of Common Stock and 194,772 shares of Common Stock that they have the right to acquire, or 50.21% of the outstanding shares of Common Stock. However, each Reporting Person disclaims beneficial ownership of any shares of Common Stock held by any other Reporting Person (including shares underlying exercisable stock options).

(b) Voting and Disposition:

(i) Fitzpatrick has the sole power to vote, direct the voting of, dispose of and direct the disposition of 3,952,273 shares of Common Stock.

(ii) G. Fitzpatrick has the sole power to vote, direct the voting of, dispose of and direct the disposition of 275,478 shares of Common Stock.

(iii) J. Fitzpatrick has the sole power to vote, direct the voting of, dispose of and direct the disposition of 389,749 shares of Common Stock.

(iv) Friedlander has the sole power to vote, direct the voting of, dispose of and direct the disposition of 516,031 shares of Common Stock.

(v) Firth has the sole power to vote, direct the voting of, dispose of and direct the disposition of 265,092 shares of Common Stock.

(vi) W. Schonsheck has the sole power to vote, direct the voting of, dispose of and direct the disposition of 545,220 shares of Common Stock.

(vii) N. Schonsheck has the sole power to vote, direct the voting of, dispose of and direct the disposition of 60,778 shares of Common Stock.

(c) During the last 60 days, none of the Reporting Persons has engaged in any transactions in shares of Common Stock.

(d) Not applicable.

(e) Not applicable.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

See Item 4 above for a description of the Shareholders Agreement and the Joinder Agreement.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS

<Table>
<Caption>

Exhibit No.	Title
<S>	<C>
1.	Amended and Restated Shareholders Agreement by and among QDI Merger Corp. and Each of the Shareholders Named on the Signature Pages dated as of February 3, 2005.
2.	Joinder Agreement by and among William Roy Schonsheck, QDI Merger Corp. and Quality Dining, Inc. dated as of February 3, 2005.
3.	Joint Filing Agreement by and among Daniel B. Fitzpatrick, Gerald O. Fitzpatrick, James K. Fitzpatrick, Ezra H. Friedlander, John C. Firth, William Roy Schonsheck and Nanette Marie Schonsheck dated February 3, 2005.

</Table>

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, we certify that the information set forth in this Statement is true, complete and correct.

Dated: February 3, 2005

/s/ Daniel B. Fitzpatrick

Daniel B. Fitzpatrick

/s/ Gerald O. Fitzpatrick

Gerald O. Fitzpatrick

/s/ James K. Fitzpatrick

James K. Fitzpatrick

/s/ Ezra H. Friedlander

Ezra H. Friedlander

/s/ John C. Firth

John C. Firth

/s/ William Roy Schonsheck

William Roy Schonsheck

/s/ Nanette Marie Schonsheck

Nanette Marie Schonsheck

EXHIBIT INDEX

<Table>
<Caption>

EXHIBIT NO.	TITLE
<S>	<C>
1.	Amended and Restated Shareholders Agreement by and among QDI Merger Corp. and Each of the Shareholders Named on the Signature Pages dated as of February 3, 2005.
2.	Joinder Agreement by and among William Roy Schonsheck, QDI Merger Corp. and Quality Dining, Inc. dated as of February 3, 2005.
3.	Joint Filing Agreement by and among Daniel B. Fitzpatrick, Gerald O. Fitzpatrick, James K. Fitzpatrick, Ezra H. Friedlander, John C. Firth,

William Roy Schonsheck and Nanette Marie Schonsheck dated February 3, 2005.
</Table>

EXHIBIT No. 1

==========

AMENDED AND RESTATED
SHAREHOLDERS AGREEMENT

among

QDI Merger Corp.

and

EACH OF THE SHAREHOLDERS
NAMED ON THE SIGNATURE PAGES HERETO

Dated as of February 3, 2005

==========

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</Table>

AMENDED AND RESTATED

SHAREHOLDERS AGREEMENT

This Amended and Restated Shareholders Agreement (this "Agreement") is made as of the 3rd day of February, 2005 by and among QDI MERGER

CORP., an Indiana corporation ("Merger Corp."), and each shareholder of Quality Dining, Inc., an Indiana corporation ("QDI"), who is originally, or who hereafter becomes, a party hereto.

WITNESSETH:

WHEREAS, the original individual signatories to this Agreement (other than William R. Schonsheck) entered into a Shareholders Agreement, dated as of June 15, 2004 (the "Original Shareholders Agreement"), and have organized Merger Corp. for purposes of acquiring all the issued and outstanding common stock of QDI not already owned by them;

WHEREAS, pursuant to the Agreement and Plan of Merger, dated as of November 9, 2004, by and among QDI and Merger Corp. (as the same may be amended from time to time, the "Merger Agreement"), Merger Corp. will, subject to the terms and conditions contained therein, be merged with and into QDI with QDI as the surviving corporation (the "Merger"); and

WHEREAS, the parties hereto desire to amend and restate the Original Shareholders Agreement to add Mr. Schonsheck and to facilitate the Merger, restrict the sale, assignment, transfer, encumbrance or other disposition of their shares of common stock of the Company following the Merger, and to provide for certain rights and obligations with respect thereto as hereinafter provided;

NOW THEREFORE, in consideration of the premises and the mutual agreements, covenants and provisions contained herein, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I

CERTAIN DEFINITIONS

The following terms shall have the definitions set forth below:

"Acceptance Notice" has the meaning set forth Section 5.2(a)(i) hereof.

"Affiliate" means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreement" has the meaning set forth in the preamble of this Agreement.

"Board" means the Board of Directors of the Company.

"Business Day" means any day (other than a day which is a

Saturday, Sunday or legal holiday in the State of Indiana) on which banks are open for business in the State of Indiana.

"Buy-Out Note" means an unsecured promissory note of the Company which shall:

(i) have a stated maturity of five (5) years from the Original Issue Date;

(ii) accrue interest at a fixed rate per annum equal to the prime rate (as reported in The Wall Street Journal on the Original Issue Date) minus one percent (1%);

(iii) be prepayable at the option of the Company at any time, in whole or in part, at its principal amount plus any accrued and unpaid interest; and

(iv) require the Company to repay the original outstanding principal amount thereof in five equal annual installments (plus accrued and unpaid interest thereon) on each anniversary of its Original Issue Date; provided that if a Buy-Out Note is issued to pay all or a portion of the purchase price for Put Shares purchased by the Company pursuant to the exercise of a Put Right, the outstanding principal amount of such Buy-Out Note shall automatically be adjusted on each anniversary of its Original Issue Date (each, a "Principal Adjustment Date"), with such adjustment to be effective as of such Principal Adjustment Date and to remain in effect until the next Principal Adjustment Date, to an amount equal to ((OPA/PCSV) x LCSV) - P, where:

OPA = the original principal amount of such Buy-Out Note;

PCSV = the Common Stock Value used in the determination of the original principal amount of such Buy-Out Note;

LCSV = the lowest Common Stock Value in effect on the Original Issue Date and each anniversary thereof occurring on or prior to the date of determination; and

P = the cumulative total of principal payments made in such Buy-Out Note repaid prior to the applicable Principal Adjustment Date;

and such adjusted principal amount shall thereupon be payable in equal annual installments (plus accrued and unpaid interest thereon) commencing on such Principal Adjustment Date and thereafter on each subsequent anniversary of its Original Issue Date (subject to further adjustment as provided above) through its stated maturity (subject to adjustment as

provided below); provided further, that in the event that the foregoing principal adjustment formula yields a negative number, the Buy-Out Note shall thereupon automatically be deemed to be paid in full and the Shareholder shall not be obligated to repay any such negative balance to the Company; and provided further, that if on any principal repayment date, after taking into account the outstanding principal amount of and all accrued interest on all Buy-Out Notes, there exists, or payment of such principal or accrued interest would result in, an event of default (or an event which with notice or lapse of time or both would constitute an event of default) under any Indebtedness of the Company or any of its Subsidiaries, or such payment of principal or accrued interest would otherwise be prevented by law, the principal amount and accrued interest otherwise payable on such payment date shall not be paid and such accrued and unpaid interest shall be added to the principal amount of such Buy-Out Note, which shall thereafter be payable in equal annual installments (plus accrued and unpaid interest thereon) on each remaining anniversary of its Original Issue Date through its stated maturity, which stated maturity shall automatically be extended for one (1) full year each time that repayment of the principal amount of such Buy-Out Note is not required to be made on a principal repayment date due to the circumstances described in this proviso.

"Call Multiple" means 4.8 or such other number as agreed to by written amendment to this Agreement entered into by all parties hereto.

"Call Notice" has the meaning set forth in Section 5.4 hereof.

"Call Right" has the meaning set forth in Section 5.4 hereof.

"Called Shares" has the meaning set forth in Section 5.4 hereof.

"Common Stock" means the common stock, no par value, of the Company.

"Common Stock Value" means, as of the last day of each fiscal quarter of the Company, the result obtained by dividing:

(a) the result obtained by multiplying the Call Multiple by

(I) the amount by which the sum of

(i) Pro Forma Consolidated Cash Flow for the trailing four (4) fiscal quarters, plus

(ii) the aggregate exercise price payable in respect of all outstanding in-the-money options to purchase Common Stock, plus or minus

(iii) Net Working Capital, excluding

(w) (to the extent included in determining Net Working Capital) any life insurance proceeds attributable to the Shareholder with respect to whom the determination of Common Stock Value is being made,

(x) assets held for sale,

(y) insurance costs and

(z) (to the extent reflected in clause (II) below) Indebtedness, plus

(iv) any dividends or distributions payable in cash or in kind with respect to the Common Stock (with the value of any in-kind dividends or distributions being as determined by the Board) that are declared on or before the last day of such fiscal quarter but the record date for which occurs after the closing of the purchase of Shares from the Shareholder with respect to whom the determination of Common Stock Value is being made, minus

(v) any dividends or distributions payable in cash or in kind with respect to the Common Stock (with the value of any in-kind dividends or distributions being as determined by the Board) that are declared after the last day of such fiscal quarter but the record date for which occurs before the closing of the purchase of Shares from the Shareholder with respect to whom the determination of Common Stock Value is being made,

exceeds

(II) Indebtedness,

by

(b) the total number of outstanding shares of Common Stock plus the outstanding in-the-money options.

For purposes of the foregoing, "in-the-money" options shall be determined by reference to the Common Stock Value in effect immediately prior to the determination.

"Company" means, prior to the Effective Time, Merger Corp., and following the Effective Time, QDI.

"Consolidated Cash Flow" means, for any period for which the amount thereof is to be determined, Consolidated Net Income for such period, plus (to the extent deducted in determining Consolidated Net Income and without duplication to adjustments to net income (determined in accordance with GAAP)

made in the determination of Consolidated Net Income) (i) provisions for any Federal, state or local taxes during such period, (ii) interest expense during such period, (iii) depreciation and amortization during such period and (iv) other non-cash income or expenses during such period.

"Consolidated Net Income" means, for any period for which the amount thereof is to be determined, the net income (or net losses) of the Company and its Subsidiaries on a consolidated basis as determined in accordance with GAAP after deducting, to the extent included in computing said net income and without duplication, (i) the income (or deficit) of any Person (other than a Subsidiary) in which the Company or any of its Subsidiaries has any ownership interest, except to the extent that any such income has been actually received by the Company or such Subsidiary in the form of cash dividends or similar cash distributions, (ii) any income (or deficit) of any other Person accrued prior to the date it becomes a Subsidiary of the Company or merges into or consolidates with the Company or another of its Subsidiaries, (iii) the gain or loss (net of any tax effect) resulting from the sale, exchange or disposal of any capital assets, (iv) any gains or losses, or other income (net of any tax effect in respect thereof) which is nonrecurring or otherwise properly classified as extraordinary in accordance with GAAP), (v) income resulting from any reappraisal, reevaluation or write-up of any assets, (vi) any portion of the net income of the Subsidiaries which for any reason is not available for distribution, and (vii) the proceeds of any life insurance policy on the life of any officer, director or employee of the Company or any of its Subsidiaries.

"Currency Notice" has the meaning set forth in Section 5.6 hereof.

"Drag Along Notice" has the meaning set forth in Section 5.4 hereof.

"Drag Along Purchaser" has the meaning set forth in Section 5.4 hereof.

"Drag Along Sale" has the meaning set forth in Section 5.4 hereof.

"Dragging Shareholder" has the meaning set forth in Section 5.4 hereof.

"Effective Time" means the time at which the Merger becomes effective in accordance with the Merger Agreement.

"Electing Shareholder" has the meaning set forth in Section 5.3 hereof.

"Employee Incentive Plan" has the meaning set forth in Section 3.2(c) hereof.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Founding Shareholders" means Daniel B. Fitzpatrick, Gerald O. Fitzpatrick, James K. Fitzpatrick, Ezra H. Friedlander, John C. Firth and William R. Schonsheck, collectively.

"GAAP" means U.S. generally accepted accounting principles as

in effect on the date of this Agreement except that the effect of consolidating the financial statements of any affiliated real estate entitles with the Company's financial statements shall be excluded so long as (i) none of the Company nor its subsidiaries guarantees any of such affiliates' debt, (ii) the Company does not control a majority of the voting securities of such affiliate, and (iii) the Company does not own any equity of such affiliate. Whenever any accounting term is used herein which is not otherwise defined, it shall be interpreted in accordance with GAAP.

"Indebtedness" means and includes, as of any date as of which the amount thereof is to be determined, (i) all obligations of the Company and its Subsidiaries for borrowed money or which has been incurred in connection with the acquisition of property; (ii) all indebtedness, liabilities and other obligations of the Company and its Subsidiaries arising under any conditional sale or other title retention agreement, whether or not the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property; (iii) all net obligations of the Company and its Subsidiaries in respect of rate hedging obligations; and (iv) all capital lease obligations of the Company and its Subsidiaries.

"Merger" has the meaning set forth in the recitals.

"Merger Agreement" has the meaning set forth in the recitals.

"Merger Corp." has the meaning set forth in the recitals.

"Net Working Capital" means, as of any date as of which the amount thereof is to be determined, the amount of current assets minus current liabilities of the Company and its Subsidiaries on a consolidated basis as determined in accordance with GAAP plus the following amounts in the following fiscal years:

Fiscal 2005	$7,000,000
Fiscal 2006	$5,000,000
Fiscal 2007	$3,000,000
Fiscal 2008 and thereafter	-0-

"Offer Notice" has the meaning set forth in Section 5.2(a)(i) hereof.

"Offer Period" has the meaning set forth in Section 5.2(a)(i) hereof.

"Offered Shares" has the meaning set forth in Section 5.2(a)(i) hereof.

"Offeree" has the meaning set forth in Section 5.2(a)(i) hereof.

"Offering Terms" has the meaning set forth in Section 5.2(a)(i) hereof.

"Offeror" has the meaning set forth in Section 5.2(a)(i) hereof.

"Original Issue Date" means, with respect to any Buy-Out Note,

the date of the original issuance of such Buy-Out Note.

"Original Shareholders Agreement" has the meaning set forth in the recitals.

"Permitted Transferees" means (i) any individual Shareholder or (ii) a trust which such Shareholder is the sole trustee and which has no principal beneficiaries other than such Shareholder and/or any spouse, child, parent, sibling or grandchild of such Shareholder.

"Person" means an individual, partnership, corporation, unincorporated organization, joint stock company, limited liability company, trust or joint venture, or a governmental agency or political subdivision thereof.

"Pro Forma Consolidated Cash Flow" means, for any period for which the amount thereof is to be determined, Consolidated Cash Flow during such period; provided that (i) in respect of any acquisition consummated during such period, Consolidated Cash Flow shall be calculated as if such acquisition had occurred on the first day of such period, (ii) in respect of any restaurant first opened during such period, Consolidated Cash Flow shall be calculated on an annualized basis as if such property

had been in operation for the entire period, and (iii) in respect of any dispositions consummated during such period, Consolidated Cash Flow shall be calculated as if such disposition had occurred on the first day of such period.

"Purchaser" has the meaning set forth in Section 5.3.

"Put Notice" has the meaning set forth in Section 5.5 hereof.

"Put Right" has the meaning set forth in Section 5.5 hereof.

"Put Shares" has the meaning set forth in Section 5.5 hereof.

"QDI" has the meaning set forth in the recitals.

"SEC" means the United States Securities and Exchange Commission, or any other Federal agency at the time administering the Securities Act or the Exchange Act.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Shareholders" means each party (other than the Company) named on the signature pages to this Agreement and any other Person who is a transferee of Shares, whether from another Shareholder or from the Company, who is required by this Agreement to agree to be bound by the terms and conditions of this Agreement. The term "Shareholder" means any one of the Shareholders and, in the case of a Shareholder who is a natural person, the term "Shareholder" also includes such Shareholder's legal representatives, executors or administrators when the context so requires.

"Shares" means shares of Common Stock. For purposes of this Agreement, all references to the number of Shares owned or held by any Shareholder shall, with respect to a Shareholder who owns or holds shares of restricted Common Stock or any securities convertible into or exchangeable for

or representing the right to purchase shares of Common Stock, be deemed to be a reference to the number of shares of Common Stock into which the shares of restricted Common Stock or other such securities owned or held by such Shareholder are then convertible or exchangeable. Any percentage of the outstanding Shares as of a specified date referred to herein shall be computed on the basis that each share of restricted Common Stock or any such securities represents the number of shares of Common Stock into which it is then convertible or exchangeable in accordance with its terms.

"Subsidiary" means any Person in which the Company, directly or indirectly through Subsidiaries or otherwise, beneficially owns more than fifty percent (50%) of either the equity interests in, or the voting control of, such Person.

"Tag Along Notice" has the meaning set forth in Section 5.3 hereof.

"Tag Along Right" has the meaning set forth in Section 5.3 hereof.

"Tag Along Sale" has the meaning set forth in Section 5.3 hereof.

ARTICLE II

PRE-MERGER MATTERS

SECTION 2.1. JOINT FILING OF SCHEDULE 13D. Each Shareholder will cooperate in the filing of any amendments to the joint Schedule 13D filed by the Founding Shareholders (other than William R. Schonsheck) on June 15, 2004 with the SEC under the Exchange Act.

SECTION 2.2. ACTIONS WITH RESPECT TO MERGER CORP. Each Shareholder will use his respective reasonable best efforts and cooperate with each other with respect to the structuring, financing and implementation of the Merger. To that end, each Shareholder will contribute to Merger Corp. all of his right, title and interest in any Shares owned by such Shareholder or any of his Affiliates (excepting only those "exempt shares" as reflected on Annex A hereto), free and clear of any lien, in exchange for a proportionate number of shares of common stock of Merger Corp. In the Merger, the outstanding shares of common stock of Merger Corp. will be exchanged for an equal number of Shares.

SECTION 2.3. PERMISSION TO DISCLOSE; PUBLICITY. Each Shareholder agrees that the Company and the Shareholders may publish and disclose in any documents filed with any governmental or regulatory authority in connection with any of the transactions contemplated by this Agreement or the Merger Agreement, including in any Schedule 14A, Schedule 14C, Schedule 13E-3 or Form 8-K filed in connection with the Merger or any of the other transactions contemplated by this Agreement or the Merger Agreement, his identity and ownership of Common Stock and the nature of his commitments, arrangements and undertakings contained in this Agreement.

SECTION 2.4. OWNERSHIP OF STOCK. Each Shareholder is and at all times through the closing of the Merger will be the owner, beneficially and of record, of the number of Shares set forth on Annex A hereto, free and clear of any lien, and will transfer to Merger Corp. good and valid title to such

Shares (excepting only those "exempt shares" as reflected on Annex A hereto) free and clear of any lien.

SECTION 2.5. WAIVER OF APPRAISAL RIGHTS. Each Shareholder hereby waives any rights of appraisal or rights to dissent from the Merger that he may have under applicable law or otherwise.

ARTICLE III

ORGANIZATIONAL MATTERS

SECTION 3.1. JOINDER OF QDI. Immediately following the Effective Time, the Shareholders will cause QDI to execute an instrument providing for QDI to be substituted for Merger Corp. as "the Company" under, and for all purposes of, this Agreement as though QDI were an original signatory hereto.

SECTION 3.2. ORGANIZATIONAL DOCUMENTS; DIRECTORS; EQUITY PLAN. The Shareholders acknowledge and agree that, immediately following the Effective Time, (a) the Certificate of Incorporation and the Bylaws of the Company shall be in such forms as provided in the Merger Agreement ; (b) the Board will consist of six (6) directors, with each of the Founding Shareholders serving initially as a director; and (c) the Board will adopt an Employee Incentive Plan providing for the granting of equity incentive compensation awards representing a maximum issuance of 1,500,000 shares (subject to adjustment for stock splits, stock dividends, recapitalizations and other similar changes to the Common Stock) of Common Stock (the "Employee Incentive Plan").

SECTION 3.3. FURTHER ASSURANCES. Each of the Shareholders shall vote (or cause to be voted) all of the Shares owned by such Shareholder, and otherwise use all commercially reasonable efforts, to carry out and give effect to the provisions of this Article III.

ARTICLE IV

SIGNIFICANT BUSINESS DECISIONS

SECTION 4.1. ISSUANCE OF CAPITAL STOCK. Notwithstanding that no vote may be required, or that a lesser percentage vote may be specified by law, the Company's Certificate of Incorporation or Bylaws, or otherwise, the Company and the Shareholders agree that, following the Effective Time, the Company shall not issue or sell any shares of capital stock of the Company or any Subsidiary (or any warrants, options or rights to acquire shares of such capital stock or securities convertible into or exchangeable for shares of such capital stock) to any director, officer or other employee of the Company or any of its Subsidiaries without the prior written approval of the holders of at least seventy percent (70%) of the outstanding number of Shares owned by all the Shareholders in the aggregate, except for (i) awards and the exercise thereof in accordance with the terms of the Employee Incentive Plan, and (ii) the sale at fair market value of up to 500,000 newly issued shares to employees of the Company. No additional awards or grants shall be made under the Company's 1993 Stock Option and Incentive Plan, 1997 Stock Option and Incentive Plan, 1993 Outside Directors Plan or 1999 Outside Directors Plan

following the Effective Time, but the terms and conditions of existing awards may be modified.

SECTION 4.2. MERGER TRANSACTION. Notwithstanding that no vote may be required, or that a lesser percentage vote may be specified by law, the Company's Certificate of Incorporation or Bylaws, or otherwise, the Company and the Shareholders agree that, following the Effective Time, any proposed merger or consolidation of the Company with, or sale of all or substantially all of the assets of the Company to, an entity that is an Affiliate of a Shareholder shall require the prior written approval of the holders of at least seventy percent (70%) of the outstanding number of Shares owned by all the Shareholders in the aggregate.

SECTION 4.3. ACCESS TO INFORMATION. The Company shall provide the Shareholders with as much advance notice as is reasonably practicable (and in any event not less than five (5) Business Days notice) with respect to any approval required pursuant to Section 4.1 or Section 4.2, and to furnish such Shareholders with all information that may be reasonably requested by any of them to enable them to determine whether to grant or withhold such approval.

SECTION 4.4. DETERMINATION OF COMMON STOCK VALUE. The Company will, as soon as reasonably practicable following the last day of each fiscal quarter of the Company (beginning with the fiscal quarter in which the Effective Time occurs), cause the Common Stock Value to be determined as of the last day of such fiscal quarter. The Common Stock Value as so determined shall remain in effect through the last day of the next succeeding fiscal quarter.

ARTICLE V

TRANSFERS OF SHARES

SECTION 5.1. RESTRICTIONS ON TRANSFERS AND NEW SHARE ISSUANCES. (a) Each Shareholder, severally and not jointly, agrees and acknowledges that such Shareholder will not, directly or indirectly, offer, sell, assign, pledge, encumber or otherwise transfer or dispose of any Shares or any interest therein to any Person unless (i) such offer, sale, assignment, pledge, encumbrance or other transfer is (w) to the Company, (x) to any of such Shareholder's Permitted Transferees under clause (ii) of the definition thereof; provided that each Permitted Transferee shall be required to take subject to and comply with the provisions of Section 5.8, (y) to another Shareholder in accordance with the provisions of Section 5.2 or 5.3 or (z) to a Drag Along Purchaser (as defined in Section 5.4), and (ii) unless waived by the Company in writing, such Shareholder shall have furnished the Company with an opinion of counsel or other evidence reasonably satisfactory to the Company to the effect that no registration of such transfer of Shares is required because of the availability of an exemption from registration under the Securities Act and all applicable state securities or "blue sky" laws.

Notwithstanding the foregoing, a Founding Shareholder may grant a security interest in his Shares as collateral security for obligations of such shareholder, provided that such secured party enters into an agreement for the benefit of, and reasonably satisfactory in form and substance to, the Company

providing that such pledged Shares shall continue to be subject to all terms and conditions of this Agreement (including following a foreclosure by such institutional lender on such pledged Shares).

(b) The Company shall not issue or sell any Shares to any Person (including pursuant to the terms of the Employee Incentive Plan) unless (i) the certificates representing such Shares bear legends as provided in Section 5.8 and (ii) such Person shall have executed and delivered to the Company, as a condition precedent to any acquisition of Shares, an instrument in form and substance satisfactory to the Company confirming that such Person takes such Shares subject to all the terms and conditions of this Agreement, and agrees to be bound by the terms of this Agreement as a "Shareholder".

(c) The Company shall not transfer upon its books any Shares to any Person except pursuant to a transaction that complies with all the terms and conditions of this Agreement, and any such non-complying transfer shall be null and void.

(d) Except as specifically contemplated hereby, no Shareholder shall grant any proxy or enter into or agree to be bound by any voting trust with respect to any Shares nor shall any Shareholder enter into any shareholder or voting agreements or trusts or other arrangements of any kind with any Person with respect to any Shares that would be inconsistent with the provisions of this Agreement (whether or not such agreements and arrangements are with other Shareholders or holders of Shares who are not parties to this Agreement), including but not limited to, agreements or other arrangements with respect to the acquisition, disposition or voting of Shares, nor shall any Shareholder act, for any reason, as a member of a group or in concert with any other Persons in connection with the acquisition, disposition or voting of Shares in any manner that would be inconsistent with the provisions of this Agreement.

SECTION 5.2. PERMITTED TRANSFERS.

(a) (i) In the event that any Shareholder or any group of Shareholders acting together pursuant to a common plan or arrangement (individually or collectively, an "Offeror") wishes to sell any or all of the Offeror's Shares to another Shareholder or group of Shareholders acting together pursuant to a common plan or arrangement (an "Offeree"), the Offeror shall first deliver a written notice (an "Offer Notice") to the Company specifying in reasonable detail the number of Shares proposed to be sold (the "Offered Shares"), the identity of the Offeree and the price and the other bona fide terms for such sale (the "Offering Terms"). Such Offer Notice shall constitute an irrevocable offer (subject to the satisfaction of all regulatory requirements) to the Company, for the period of time set forth below, to purchase all, but not less than all, of the Offered Shares on the Offering Terms. The Company may elect to purchase all, but not less than all, of the Offered Shares on the Offering Terms by delivering an irrevocable written notice (subject

to the satisfaction of all regulatory requirements) specifying the number of Offered Shares it wishes to purchase (the "Acceptance Notice") to the Offeror within thirty (30) days following receipt of the Offer Notice (the "Offer Period").

(ii) If an Offeror's offer is not accepted by the Company within the Offer Period for all of the Offered Shares, the Offeror shall be free to sell all, but not less than all, of the Offered Shares not subject to an Acceptance Notice to the Offeree described in the Offer Notice on the Offering Terms, or at prices or terms more favorable to the Offeror than the Offering

Terms, subject to compliance (if applicable) with the provisions of Section 5.3; provided that if such sale shall not have been consummated within sixty (60) days after the end of the Offer Period, none of such Offered Shares may be sold to the Offeree described in the Offer Notice and all such Offered Shares shall again be subject to the provisions of this Section 5.2 and may be disposed of only in the manner provided in, and subject to the provisions of, this Section 5.2. It shall be a condition to any purchase and sale of Shares pursuant to this paragraph that the Shares so transferred bear legends as provided in Section 5.8.

(iii) Subject to compliance with the provisions of Section 5.3 (where applicable), any purchase and sale pursuant to the provisions of Section 5.2(a)(i) shall occur on the date designated by the Company, which date shall be within sixty (60) days following the date of delivery of an Acceptance Notice, at the principal offices of the Company unless otherwise agreed, subject to the satisfaction of all applicable regulatory requirements. At any closing of any such purchase and sale, the Offeror will deliver certificates evidencing the Offered Shares to be so purchased against delivery by the Company of the price included in the Offering Terms. The parties to any such purchase and sale will use their commercially reasonable efforts to accomplish the satisfaction of all applicable regulatory requirements with respect to such purchase and sale, and the date on which such purchase and sale must be completed in accordance with this paragraph will be extended automatically until such time as each applicable governmental or regulatory authority has given a final determination permitting or prohibiting or otherwise denying necessary authorization for such purchase and sale and, in the case of a favorable determination, for an additional five (5) Business Days.

(b) The failure of the Company to exercise its right to purchase Offered Shares under this Section 5.2 in connection with any one Offer Notice delivered by an Offeror will not, in any manner, waive or otherwise impair the rights of the Company to exercise the right to purchase Offered Shares under this Section 5.2 in connection with any subsequent Offer Notice.

SECTION 5.3. TAG ALONG RIGHT. In the event that, following compliance with the provisions of Section 5.1 and 5.2, any Offeror proposes to sell, in a single transaction or a series of related transactions, to the Company and/or an Offeree (collectively, a "Purchaser") Offered Shares representing ten percent (10%) or more of the Shares then issued and outstanding (a "Tag Along Sale"), such Offeror shall provide notice of such Tag Along Sale to each of the other Shareholders (a "Tag Along Notice")

no later than ten (10) Business Days prior to the proposed closing date of such Tag Along Sale, and each of such other Shareholders shall have the right (a "Tag Along Right") to require the Offeror to reduce the number of Offered Shares to be sold by the Offeror to the Purchaser and instead have the Purchaser purchase from each Shareholder electing to exercise a Tag Along Right ("Electing Shareholder"), upon the same terms and conditions as are applicable to the Offeror, that number of Offered Shares derived by multiplying (x) the total number of Offered Shares by (y) the Electing Shareholder's "fractional interest"; provided that such Electing Shareholder shall in no event be required to sell more than, and may limit such Electing Shareholder's exercise of its Tag Along Right to, the Electing Shareholder's "pro rata share" of the Common Stock. For purposes of this Section 5.3, with respect to any Electing Shareholder, the term "fractional interest" means the result, rounded up to the nearest whole number, obtained by dividing (a) the total number of Shares owned by such Electing Shareholder by (b) the sum of the total number of Shares owned by all

Electing Shareholders and the Offeror, and the term "pro rata share" means the result rounded down to the nearest whole number, obtained by dividing (c) the total number of Shares owned by such Electing Shareholder by (d) the total number of issued and outstanding shares of the Company. Each Electing Shareholder shall give written notice of such Electing Shareholder's election to the Offeror no later than five (5) calendar days after such Electing Shareholder's receipt of a Tag Along Notice. The provisions of this Section 5.3 shall not apply to purchases of Shares by the Company pursuant to Section 5.5 or 5.6.

SECTION 5.4. DRAG ALONG RIGHT. In the event that any Shareholder or any group of Shareholders acting together pursuant to a common plan or arrangement (individually or collectively, a "Dragging Shareholder") proposes to sell, in a single transaction or a series of related transactions, to any purchaser other than (x) the Company, (y) another Shareholder or (z) an Affiliate of another Shareholder or such Dragging Shareholder (a "Drag Along Purchaser"), Shares representing (A) more than fifty percent (50%) of the shares of Common Stock then outstanding and (B) all of such Dragging Shareholder's Shares (a "Drag Along Sale"), such Dragging Shareholder shall provide notice of such Drag Along Sale (a "Drag Along Notice"), no later than ten (10) Business Days prior to the proposed closing date of such Drag Along Sale to each of the other Shareholders, and such other Shareholders shall be required to sell, upon the same terms and conditions as are applicable to the Dragging Shareholder, all of the Shares held by each of them to the Drag Along Purchaser. In connection with a Drag Along Sale, each of the other Shareholders shall be required to: (i) tender all of such Shareholder's Shares required pursuant to the Drag Along Sale (including any certificates representing such Shares), free and clear of any lien, to the Drag Along Purchaser at the closing, (ii) collect directly from the Drag Along Purchaser the price to be paid for the Shares being transferred in the Drag Along Sale and (iii) cooperate in good faith to effect the transfer to the Drag Along Purchaser.

SECTION 5.5. COMPANY CALL RIGHT. (a) Subject to the restrictions contained in paragraphs (b) and (c) below, the Company shall have the right (a "Call Right"), exercisable by written notice (a "Call Notice"), to purchase at any time or from

time to time all or any part of the Shares (the "Called Shares") held by any Shareholder (including Shares held by any trust that is a Permitted Transferee of such Shareholder under clause (ii) of the definition of "Permitted Transferee"). The price to be paid for any Called Shares shall be the amount determined by multiplying the number of Called Shares by the Common Stock Value in effect on the date of the related Call Notice. The Company shall be permitted to purchase such Shares for cash and/or delivery of a Buy-Out Note for all or a portion of the purchase price.

(b) Notwithstanding the provisions of paragraph (a), the Company may exercise the Call Right with respect to any Shareholder only in accordance with the following restrictions:

(i) with respect to a Founding Shareholder, the Company may only exercise the Call Right on or after the fifth anniversary of the Effective Time; provided that, if such Founding Shareholder is an employee of the Company or any Subsidiary on the fifth anniversary of the Effective Time, the Company may exercise its Call Right only after the third anniversary of such Founding Shareholder's termination of employment with the Company or any Subsidiary for any reason (whether

voluntary or involuntary, for cause or without cause, for good reason or without good reason, including upon disability, but not upon death (in which case the provisions of paragraph (c) below shall instead be applicable));

(ii) with respect to any Shareholder, other than a Founding Shareholder, who on the date he or she becomes a Shareholder is an employee of the Company or any Subsidiary, the Company may exercise the Call Right only after (x) such Shareholder's employment with the Company or any Subsidiary terminates for any reason (whether voluntary or involuntary, for cause or without cause, for good reason or without good reason, including upon disability, but not upon death (in which case the provisions of paragraph (c) below shall apply)) or (y) such Shareholder is declared mentally incapacitated or incompetent; and

(iii) with respect to any Shareholder not described in paragraph (i) or (ii) above, the Company may exercise the Call Right only on or after the fifth anniversary of the Effective Time.

(c) Notwithstanding the provisions of paragraphs (a) and (b) above, the Company shall exercise the Call Right with respect to all Shares owned by any Shareholder (including Shares held by such Shareholder's Permitted Transferees) by delivery of a Call Notice during the one-hundred eighty (180) day period following the death of such Shareholder. The Company may purchase insurance to fund the purchase of any Call Right exercisable upon the death of any Shareholder.

(d) The closing date for the purchase of the Called Shares shall occur on the date designated by the Company in the Call Notice, which date shall be within sixty (60) days following the date of delivery of the Call Notice, at the principal offices

of the Company unless otherwise agreed; provided that such closing date shall be extended as reasonably necessary to allow the Company to complete its financial statements for the most recently-completed fiscal quarter for purposes of the calculation of Common Stock Value. At any closing, the Shareholder (or the Shareholder's personal representatives, as applicable) will deliver certificates evidencing the Called Shares to be so purchased against delivery by the Company of the purchase price in cash and/or (to the extent required pursuant to the provisions of the last sentence of paragraph (a) above) a Buy-Out Note.

SECTION 5.6. SHAREHOLDER PUT RIGHT. (a) Subject to the restrictions contained in paragraph (b) below, each Shareholder shall have the right (a "Put Right"), exercisable by written notice to the President of the Company (a "Put Notice"), to require the Company at any time or from time to time to purchase all or any part of the Shares (the "Put Shares") held by such Shareholder (including Shares held by any trust that is a Permitted Transferee of such Shareholder under clause (ii) of the definition of "Permitted Transferee.". The price to be paid for any Put Shares shall be the amount determined by multiplying the number of Put Shares by the Common Stock Value in effect on the date of the related Put Notice. The Company shall be permitted to purchase such Shares for cash and/or by delivery of a Buy-Out Note for all or a portion of the purchase price.

(b) Notwithstanding the provisions of paragraph (a), a Shareholder may exercise the Put Right with respect to his or her Shares only in accordance with the following restrictions:

(i) with respect to any Founding Shareholder who is not an employee of the Company or any Subsidiary on the date of this Agreement, such Founding Shareholder may exercise the Put Right only on or after the fifth anniversary of the Effective Time;

(ii) with respect to any Shareholder who on the date he or she becomes a Shareholder is an employee of the Company or any Subsidiary, such Shareholder may exercise the Put Right only after (x) such Shareholder's employment with the Company and its Subsidiaries terminates for any reason (whether voluntary or involuntary, for cause or without cause, for good reason or without good reason, including upon disability but not upon death (in which case the provisions of Section 5.5(c) shall apply)) or (y) such Shareholder is declared mentally incapacitated or incompetent; provided that in the case of any Founding Shareholder who is an employee of the Company or any Subsidiary on the fifth anniversary of the Effective Time, such Founding Shareholder may exercise the Put Right specified in the preceding clause (x) only after the third anniversary of such termination of employment; and

(iii) in addition to the Put Rights specified in clause (b)(i) and (ii) above, each Shareholder may exercise a Put Right under the following circumstances:

(A) by delivery of a Put Notice to the President of the Company during the month of January of each year specifying the number of shares the Shareholder is putting to the Company; provided that in any single fiscal year of the Company, no Shareholder may exercise such Shareholder's Put Right for more than ten percent (10%) of the highest number of Shares owned by such Shareholder since the Effective Time;

(B) on or around February 15 of each year, the Company shall advise any Shareholder who has delivered a Put Notice during the preceding January in writing (the "Currency Notice") of the amount of the purchase price that will be paid in cash and/or by delivery of a Buy-Out Note; and

(C) the Shareholder shall then have the right, exercisable by written notice to the President of the Company within five calendar (5) days following the Currency Notice, to rescind the Put Notice.

(c) The closing date for the sale of the Put Shares shall occur on the date designated by the Company, which date shall be between fifteen (15) and sixty (60) days following the date of delivery of the Put Notice, at the principal offices of the Company unless otherwise agreed; provided that such closing date shall be extended as reasonably necessary to allow the Company to complete its financial statements for the most recently-completed fiscal quarter for purposes of the calculation of Common Stock Value. At any closing, the Shareholder will deliver certificates evidencing the Put Shares to be so purchased against delivery by the Company of the purchase price in cash and/or a Buy-Out Note for all or a portion of the purchase price.

SECTION 5.7. LIFE INSURANCE. Notwithstanding the provisions of Sections 5.5(a) and 5.6(a), if the Company is the owner and beneficiary of any

insurance on the life of a deceased Shareholder from whose estate the Company is purchasing Shares which was intended to fund the repurchase of shares of stock of the Company (as distinct, for example, from "key man" insurance), an amount equal to the insurance proceeds received by the Company under the policy shall be paid in cash to the estate of the deceased Shareholder on account of the purchase price of the Shares, and only the balance, if any, may be paid by delivery of a Buy-Out Note. If the insurance proceeds exceed the purchase price of the Shares, the excess shall belong to the Company. Notwithstanding the foregoing, (i) if the Company is prohibited by law from using all or any portion of any such insurance proceeds to purchase the Shares, or (ii) if the use of the insurance proceeds to purchase the Shares would result in an event of default (or an event which with the giving of notice or the lapse of time, or both would constitute an event of default) under any Indebtedness of the Company or any of its Subsidiaries, or (iii) if an event of default exists at the time under any Indebtedness of the Company or any of its Subsidiaries, this Section 5.7 shall

apply only to insurance proceeds which the Company is not otherwise prohibited from using to apply on the purchase price of the Shares.

SECTION 5.8. LEGEND ON CERTIFICATES. Each outstanding certificate representing Shares that are subject to this Agreement shall bear an endorsement reading substantially as follows:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 (AS THEN IN EFFECT), AND IN RELIANCE UPON THE HOLDER'S REPRESENTATION THAT SUCH SECURITIES WERE BEING ACQUIRED FOR INVESTMENT AND NOT FOR RESALE. NO TRANSFER OF SUCH SECURITIES MAY BE MADE ON THE BOOKS OF THE COMPANY UNLESS ACCOMPANIED BY AN OPINION OF COUNSEL, OR OTHER EVIDENCE REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933 (AS AMENDED) OR THAT SUCH SECURITIES HAVE BEEN SO REGISTERED UNDER A REGISTRATION STATEMENT WHICH IS IN EFFECT AT THE DATE OF SUCH TRANSFER.
>
> THE SALE, ASSIGNMENT, PLEDGE, ENCUMBRANCE OR OTHER TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE PROVISIONS OF A SHAREHOLDERS AGREEMENT, DATED AS OF _____, 2005, AMONG THE COMPANY AND CERTAIN HOLDERS OF ITS SECURITIES, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICE OF THE COMPANY.

ARTICLE VI

ADDITIONAL AGREEMENTS

SECTION 6.1. ACCESS TO FINANCIAL STATEMENTS. The Company will provide the following financial information relating to the Company and its Subsidiaries to the Shareholders:

> (i) as soon as available after the end of each fiscal year, a true and complete copy of the consolidated balance sheet and the related consolidated statements of operations, shareholders' equity and cash flows of the Company and its Subsidiaries as of and for the fiscal year then ended, together with the notes relating thereto, prepared in accordance with generally accepted accounting

principles consistently applied and accompanied by a report thereon by independent public accountants; and

(ii) as soon as available after the end of each of the first three fiscal quarters of each fiscal year, a true and complete copy of the consolidated balance sheet and related consolidated statements of operations, shareholders' equity and cash flows of the Company and its Subsidiaries as of and for the period then ended, prepared in accordance with generally accepted accounting principles consistently applied, subject only to normal year-end audit adjustments.

SECTION 6.2. PREEMPTIVE RIGHTS. In the event that the Company proposes to sell or otherwise issue additional Shares (including by sale or issuance of securities convertible into or exchangeable for or representing the right to purchase Shares), each Shareholder shall have the right to acquire that number of such Shares (or other securities), at the price and upon the same terms and conditions as such Shares (or other securities) are to be offered or placed by the Company to third parties, as shall enable such Shareholder to maintain the percentage equity interest of such Shareholder in the Company immediately prior to such issuance on a fully-diluted basis (assuming the issuance of all Common Stock reserved for issuance pursuant to Employee Incentive Plan). No such Shares (or other securities) shall be issued by the Company to any Person unless the Company has first offered such Shares (or other securities) to the Shareholders in the accordance with this Section 6.2. This Section 6.2 shall not apply to (i) the sale or issuance of Common Stock pursuant to the Employee Incentive Plan; (ii) the issuance of Common Stock (or other securities) pursuant to any merger transaction involving the Company or any of its Subsidiaries or as consideration for the acquisition by the Company or any of its Subsidiaries of assets of another business entity, excluding a business entity that is an affiliate of a Shareholder; (iii) any public offering of Common Stock registered under the Securities Act; or (iv) the issuance of any Common Stock pursuant to the exercise, conversion or exchange of any outstanding securities in accordance with their terms (provided that the initial issuance of such securities was subject to this Section 6.2).

ARTICLE VII

MISCELLANEOUS

SECTION 7.1. AMENDMENT OF AGREEMENT; TERMINATION. This Agreement may be modified or amended only by a writing signed by (i) the Company, with the approval of a majority of the entire Board, (ii) if such modification or amendment would adversely affect the Shareholders, a majority of the Shareholders (with each Shareholder having one vote for this purpose, regardless of the number of Shares held by such consenting Shareholders), (iii) if such modification or amendment would adversely affect any Shareholder or Shareholders in a manner that does not impact all Shareholders in proportion to their interests in the Company, by such Shareholder or

Shareholders, and (iv) if such modification or amendment changes the Call Multiple, by all Shareholders. This Agreement shall automatically terminate and be of no further force and effect if the Merger Agreement terminates in accordance with its terms prior to the Effective Time.

SECTION 7.2. ACTION BY SHAREHOLDERS. Any action required or contemplated by this Agreement to be taken by the Shareholders may be taken by delivery of a written consent executed by one or more Shareholders holding at least the requisite number of Shares required for approval of such action and the Company shall be entitled to rely upon any such written consent without prior notice to or consultation with any Person.

SECTION 7.3. NOTICES. All notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be deemed to have been effectively given (a) when personally delivered to the party to be notified; (b) when sent by confirmed facsimile to the party to be notified at the number set forth below; (c) three (3) Business Days after deposit in the United States mail postage prepaid by certified or registered mail return receipt requested and addressed to the party to be notified as set forth below; or (d) one (1) Business Day after deposit with a national overnight delivery service, postage prepaid, addressed to the party to be notified as set forth below with next-Business-Day delivery guaranteed, in each case as follows: (i) in the case of any Shareholder (other than the Founding Shareholders), to such Shareholder at such Shareholder's address set forth in the stock ledger of the Company; (ii) in the case of the Company, to:

Quality Dining, Inc.
4220 Edison Lakes Parkway
Mishawaka, Indiana 46545
Attn: General Counsel

(iii) in the case of the Founding Shareholders, to:

Daniel B. Fitzpatrick
c/o Quality Dining, Inc.
4220 Edison Lakes Parkway
Mishawaka, Indiana 46545

Gerald O. Fitzpatrick
c/o Quality Dining, Inc.
4220 Edison Lakes Parkway
Mishawaka, Indiana 46545

James K. Fitzpatrick
c/o Quality Dining, Inc.
4220 Edison Lakes Parkway
Mishawaka, Indiana 46545

Ezra H. Friedlander
State House of Indiana
200 W. Washington, Room 416
Indianapolis, Indiana 47204

John C. Firth
c/o Quality Dining, Inc.
4220 Edison Lakes Parkway
Mishawaka, Indiana 46545

William R. Schonsheck
14891 N. Northsight
Suite 121

Scottsdale, Arizona 85260

(iv) and, in the case of any other Shareholder, to the address of such Shareholder set forth in the books and records of the Company maintained for such purpose.

A party may change such party's address for purposes of notice hereunder by giving prior written notice of such change to all other parties in the manner provided in this Section 7.3.

SECTION 7.4. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto. Without limitation as to any other provision hereof, the rights of each Shareholder under this Agreement shall be assignable to any transferee of Shares held by the Shareholder, provided that the transfer of Shares to such transferee is effected in accordance with the provisions of this Agreement.

SECTION 7.5. ENTIRE AGREEMENT; ASSIGNMENT. This Agreement (together with the Annex attached hereto and any documents or agreements specifically contemplated hereby) supersedes all prior discussions and agreements among any of the parties hereto (and their Affiliates) with respect to the subject matter hereof and contains the entire understanding of such parties with respect to the subject matter hereof. This Agreement, and the rights and obligations of the parties hereunder, may not be assigned or transferred, except that the Company's rights and obligations hereunder may be transferred by operation of law and any Shareholder may assign all of his or her rights and obligations under this Agreement in connection with a sale or other transfer of Shares in accordance with the terms of this Agreement.

SECTION 7.6. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be signed by the Company and one or more Shareholders, and all of which are deemed to be one and the same agreement binding upon the Company and each of the Shareholders.

SECTION 7.7. HEADINGS. The headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

SECTION 7.8. BYLAWS. If and to the extent that any provision of this Agreement conflicts with or is inconsistent with any provision of the Bylaws, such provision of this Agreement shall be controlling and, to the extent practicable, the conflicting or inconsistent provision of the Bylaws shall be construed in a manner consistent with such provision of this Agreement. It is hereby agreed that the Bylaws shall not be amended to be inconsistent with this Agreement.

SECTION 7.9. GOVERNING LAW; CONSENT TO JURISDICTION AND SERVICE OF PROCESS. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana, without regard to its conflicts of law doctrine. Each party hereby submits to the exclusive jurisdiction of the United States District Court for the Northern District of Indiana and of any Indiana State Court situated in St. Joseph County and any judicial proceeding brought against any of the parties on any dispute arising out of this Agreement or any matter related hereto shall be brought in such courts. Each party hereby irrevocably waives, to the fullest extent permitted by law, any objection it may have or hereafter have to the laying of the venue of

any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum. Each party hereby consents to process being served in any such proceeding by the mailing of a copy thereof by registered or certified mail, postage prepaid, to the address specified in Section 7.3, or in any other manner permitted by law. EACH PARTY HERETO HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUCH ACTION OR PROCEEDING.

SECTION 7.10. INJUNCTIVE RELIEF. It is hereby agreed and acknowledged that it will be impossible to measure in money the damages that would be suffered if the parties to this Agreement fail to comply with any of the obligations imposed on them by this Agreement and that in the event of any such failure, an aggrieved person will be irreparably damaged and will not have an adequate remedy at law. Any such person shall, therefore, be entitled to injunctive relief, including specific performance, to enforce such obligations, and if any action should be brought in equity to enforce any of the provisions of this Agreement, none of the parties hereto shall raise the defense that there is an adequate remedy at law.

SECTION 7.11. SEVERABILITY. The invalidity or unenforceability of any provisions of this Agreement in any jurisdiction shall not affect the validity, legality or

enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law.

SECTION 7.12. RECAPITALIZATION, ETC. In the event that any capital stock or other securities are issued in respect of, in exchange for, or in substitution of, shares of capital stock of the Company by reason of any reorganization, recapitalization, reclassification, merger, consolidation, spin-off, partial or complete liquidation, stock dividend, split-up, sale of assets, distribution to Shareholders or combination of Shares or any other change in the Company's capital structure, appropriate adjustments shall be made to the provisions of this Agreement so as to fairly and equitably preserve, as far as practicable, the original rights and obligations of the parties hereto under this Agreement.

IN WITNESS WHEREOF, the undersigned, thereunto duly authorized, have hereunto set their respective hands as of the day and year first above written.

QDI MERGER CORP.

By: /s/ John C. Firth

Name: John C. Firth
Title: Executive Vice President

/s/ Daniel B. Fitzpatrick

Daniel B. Fitzpatrick

/s/ Gerald O. Fitzpatrick

Gerald O. Fitzpatrick

/s/ James K. Fitzpatrick

James K. Fitzpatrick

/s/ Ezra H. Friedlander

Ezra H. Friedlander

/s/ John C. Firth

John C. Firth

/s/ William R. Schonsheck

William R. Schonsheck

ANNEX A

STOCK OWNERSHIP TABLE

<Table>
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SHAREHOLDER	SHARES OF COMMON STOCK	EXEMPT SHARES*	EXERCISABLE OPTION SHARES
<S>	<C>	<C>	<C>
Daniel B. Fitzpatrick (together with Fitzpatrick Properties, LLC)	3,929,073	0	0
Gerald O. Fitzpatrick	233,746	0	41,732
James K. Fitzpatrick	347,445	0	42,304
Ezra H. Friedlander (together with Ezra Friedlander Charitable Remainder Unitrust)	481,031	56,000	20,000
John C. Firth	174,356	4,500	105,736
William R. Schonsheck	545,220	228,388	0

</Table>

* Exempt Shares are Shares that will not be contributed to Merger Corp. and will be cashed out in the Merger.

EXHIBIT No. 2

JOINDER AGREEMENT

This Joinder Agreement (this "Agreement"), dated as of February 3, 2005, is made by and among Quality Dining, Inc., an Indiana corporation, QDI Merger Corp., an Indiana corporation, and William Roy Schonsheck (the "Joining Party").

Reference is made herein to that certain Agreement and Plan of Merger, dated as of November 9, 2004, by and between QDI Merger Corp. and Quality Dining, Inc. and the shareholders of QDI Merger Corp. whose names are set forth on the signature pages thereto as members of the Shareholder Group (the "Merger Agreement"; capitalized terms used herein without definition shall have the meanings set forth in the Merger Agreement), a copy of which is attached hereto as Appendix A.

1. Joinder to Merger Agreement. The Joining Party hereby joins in the Merger Agreement solely for the purposes of becoming a member of the Shareholder Group, as if such Joining Party was a member of the Shareholder Group at the time of the execution and delivery of the Merger Agreement. In addition, the Joining Party shall have the same rights and be bound by the same obligations as a member of the Shareholder Group for all purposes thereof.

2. Entire Agreement. The Joining Party hereby acknowledges that this Agreement and the Merger Agreement embody the entire agreement and understanding of the Joining Party in respect of the subject matter contained herein or therein. This Agreement and the Merger Agreement supersede all prior agreements and understandings between the Joining Party and any other parties to the Merger Agreement, whether written or oral, express or implied, with respect to such subject matter herein or therein.

3. Severability. In the event that any one or more of the provisions contained in this Agreement, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be in any way impaired thereby, it being intended that all of the rights and privileges of the parties to this Agreement and the Merger Agreement shall be enforceable to the fullest extent permitted by law.

4. Third Party Beneficiaries. The terms and provisions of this Agreement are intended for the benefit of each party to the Merger Agreement and their respective successors or permitted assigns.

5. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAWS OF THE STATE OF INDIANA, UNITED STATES OF AMERICA, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAW THEREOF LAW.

IN WITNESS WHEREOF, the undersigned has executed this Joinder Agreement as of the day and year first written above.

QUALITY DINING, INC.

By: /s/ Daniel B. Fitzpatrick

Name: Daniel B. Fitzpatrick
Title: President

QDI MERGER CORP.

By: /s/ John C. Firth

Name: John C. Firth
Title: Executive Vice President

/s/ William Roy Schonsheck

William Roy Schonsheck

APPENDIX A

AGREEMENT AND PLAN OF MERGER
DATED AS OF NOVEMBER 9, 2004
BY AND BETWEEN
QDI MERGER CORP.
AND
QUALITY DINING, INC.

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(a)56,000 of these shares are held in an individual retirement account and will be converted into the Merger Consideration at the Effective Time of the Merger..... 1

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AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER, dated as of November 9, 2004 ("this Agreement"), is made by and between QDI Merger Corp., an Indiana corporation ("Merger Corp."), and Quality Dining, Inc., an Indiana corporation (the "Company").

WHEREAS, the Company has authority to issue 55,000,000 shares of capital

stock consisting of: (1) 50,000,000 shares of common stock, no par value (the "Common Stock"), of which 11,609,099 were outstanding as of November 1, 2004, and (2) 5,000,000 shares of preferred stock, no par value (the "Preferred Stock"), of which (a) 141,450 shares are designated Series A Convertible Cumulative Preferred Stock (the "Series A Preferred Stock"), none of which are outstanding, and (b) 180,000 shares are designated Series B Participating Cumulative Preferred Stock (the "Series B Preferred Stock"), none of which are outstanding;

WHEREAS, Daniel B. Fitzpatrick, Gerald O. Fitzpatrick, James K. Fitzpatrick, Ezra H. Friedlander and John C. Firth, who together with certain controlled entities (collectively, and together with any other shareholder of the Company who becomes a party to the Shareholders Agreement (as defined below) prior to the Shareholders Meeting (as defined below) the "Shareholder Group") collectively own the number of shares of Common Stock set forth on Exhibit A attached hereto, have entered into a Shareholders Agreement dated as of June 15, 2004 (as the same may be amended from time to time, the "Shareholders Agreement"), pursuant to which (i) the Shareholder Group has proposed to the board of directors of the Company (the "Company Board") a transaction pursuant to which Merger Corp. would acquire the outstanding shares of Common Stock not owned by the Shareholder Group, and (ii) the members in the Shareholder Group have agreed to cause shares of Common Stock beneficially owned by them to be voted in favor of the transactions contemplated by this Agreement and to contribute their shares of Common Stock to Merger Corp. in order to facilitate such transactions;

WHEREAS, the Company Board has established a special committee of the Company Board comprised solely of directors unaffiliated with the Shareholder Group (the "Special Committee") to consider such proposal and make a recommendation to the Company Board with respect thereto;

WHEREAS, the Special Committee, following extensive negotiations with the Shareholder Group and its advisors concerning the Shareholder Group's proposal, and the Company Board, based on the recommendation of the Special Committee, (a) have determined that the merger of Merger Corp. with and into the Company, with the Company as the surviving corporation (the "Merger"), upon the terms and subject to the conditions set forth in this Agreement, is advisable, fair to and in the best interests of the Company and its shareholders (other than Merger Corp. and its Affiliates), (b) have approved and adopted this Agreement and the Merger, pursuant to which each share of Common Stock issued and outstanding immediately prior to the Effective Time (as defined below), except for shares of Common Stock owned, directly or indirectly, by Merger Corp. or the Company, will be converted into the right to receive $3.20 in cash (the "Per Share Amount"), and (c) have recommended that the Company's shareholders approve this Agreement and the Merger;

WHEREAS, the board of directors of Merger Corp. has determined that this Agreement and the Merger are advisable, fair to and in the best interests of Merger Corp. and its shareholders and have approved and adopted this Agreement and the Merger; and

WHEREAS, Merger Corp. and the Company desire to make certain

representations, warranties, covenants and agreements in connection with the Merger and also to prescribe various conditions to the Merger;

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained in this Agreement, the parties agree as follows:

ARTICLE I

CERTAIN DEFINITIONS

(a) As used in this Agreement, the following terms shall have the respective meanings set forth below:

"Acquisition Agreement" shall have the meaning set forth in Section 5.10(d).

"Affiliate" of a specified Person means a Person who, directly or indirectly, through one or more intermediaries controls, is controlled by or is under common control with such specified Person; provided that as used in this Agreement with respect to Merger Corp., the term "Affiliate" or "Affiliates" of Merger Corp. does not include the Company and its Subsidiaries. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting shares, by contract or otherwise.

"Agreement" shall have the meaning set forth in the preamble.

"Articles of Merger" shall have the meaning set forth in Section 2.2.

"Award List" shall have the meaning set forth in Section 2.9(a).

"Benefit Plans" means all material employee, consultant or director benefit plans, arrangements or agreements, including any employee welfare benefit plan within the meaning of Section 3.1 of ERISA, any employee pension benefit plan within the meaning of Section 3(2) of ERISA (whether or not such plan is subject to ERISA) and any material bonus, incentive, deferred compensation, vacation, stock purchase, stock option, severance, termination, indemnity, employment, change of control or fringe benefit plan, program, arrangement or agreement that provides benefits to any current or former employee or director of the Company or any of its Subsidiaries or any beneficiary or dependant thereof or with respect to which the Company or any of its Subsidiaries could have a material liability.

"Certificate" shall have the meaning set forth in Section 2.8(d).

"Closing" shall have the meaning set forth in Section 2.2.

"Closing Date" shall have the meaning set forth in Section 2.2.

"Common Stock" shall have the meaning set forth in the recitals.

"Company" shall have the meaning set forth in the preamble.

"Company Board" shall have the meaning set forth in the recitals.

"Company Competing Transaction" means any recapitalization, merger, consolidation or other business combination involving the Company, or any direct or indirect acquisition of shares of Common Stock representing 15% or more of the voting power of the Company or any material portion of the assets (except for acquisitions of assets in the ordinary course of business consistent with past practice) of the Company and its Subsidiaries, or any combination of the foregoing (other than the Merger).

"Company Disclosure Schedule" means the schedule of disclosures delivered by the Company to Merger Corp. concurrent with the execution of this Agreement.

"Company Material Adverse Effect" means any event, change, circumstance, effect or state of facts that is or is reasonably expected to be materially adverse to (a) the business, results of

operations, condition (financial or otherwise), assets or liabilities of the Company and its Subsidiaries, taken as a whole, or (b) the ability of the Company to consummate any of the transactions contemplated by this Agreement and the Shareholders Agreement, including the Merger, except to the extent that such adverse effect results from (i) general economic conditions or changes therein, (ii) changes in, or events or conditions affecting, the businesses in which the Company and its Subsidiaries operate, but only to the extent that such changes, events or conditions do not disproportionately affect the Company and its Subsidiaries, or (iii) the announcement or execution of the transactions contemplated by this Agreement.

"Company Permits" means all permits, licenses, variances, exemptions, orders and approvals of all Governmental Entities necessary for the Company and its Subsidiaries to own, lease or operate their properties and assets and to carry on their businesses as now conducted.

"Company Rights" shall have the meaning set forth in Section 3.2(a).

"Company Rights Agreement" shall have the meaning set forth in Section 3.2(a).

"Company SEC Documents" means all forms, schedules, statements and

other documents filed by the Company under the Securities Act or the Exchange Act since October 27, 2002 and prior to the Closing Date, collectively, as the same may have been amended or restated and including all exhibits and schedules thereto and documents incorporated by reference therein.

"Company Securities" shall have the meaning set forth in Section 3.2(a).

"Company Shareholder Approval" means the vote for the approval of this Agreement and the Merger by a majority of all the votes entitled to be cast at the Shareholders Meeting.

"Company Stock Plans" means, collectively, (i) the Quality Dining, Inc. 1993 Stock Option Plan, (ii) the Quality Dining, Inc. 1993 Outside Directors Plan, (iii) the Quality Dining, Inc. 1997 Stock Option and Incentive Plan, and (iv) the Quality Dining, Inc. 1999 Outside Directors Plan.

"Debt Financing" shall have the meaning set forth in Section 4.7.

"Effective Time" shall have the meaning set forth in Section 2.2.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Existing Policy" shall have the meaning set forth in Section 5.8(c).

"Financing Commitment Letters" shall have the meaning set forth in Section 4.7.

"Financing Documents" shall have the meaning set forth in Section 5.5(b).

"GAAP" means U.S. generally accepted accounting principles.

"Governmental Entity" shall have the meaning set forth in Section 3.5.

"IBCL" means the Indiana Business Corporation Law, as amended and in effect from time to time.

"Indemnified Parties" shall have the meaning set forth in Section 5.8(b).

"Lenders" shall have the meaning set forth in Section 4.7.

"Lien" means, with respect to any asset (including any security), any security interests, liens, claims, charges, title defects, deficiencies or exceptions (including, with respect to Real Property Leases, subleases,

assignments, licenses or other agreements granting to any third party any interest in a Real Property Lease or any right to the use or occupancy of any real property subject to such lease), mortgages, pledges, easements, encroachments, restrictions on use, rights-of-way, rights of first refusal, options, conditional sales or other title retention agreements, covenants, conditions or other

similar restrictions (including restrictions on transfer) or other encumbrances of any nature whatsoever in respect of such asset.

"Material Contract" means all of the contracts required to be described in or filed as exhibits to the annual report on Form 10-K filed by the Company with the SEC in respect of the fiscal year ended October 26, 2003.

"Merger" shall have the meaning set forth in the recitals.

"Merger Consideration" shall have the meaning set forth in Section 2.8(d).

"Merger Corp." shall have the meaning set forth in the preamble.

"Merger Corp. Expenses" means all documented out-of-pocket fees and expenses actually and reasonably incurred by Merger Corp. and its Affiliates or on their behalf in connection with any of the transactions contemplated by this Agreement and the Shareholders Agreement (including fees and expenses payable to financing sources, investment bankers, consultants, counsel to any of the foregoing, accountants and legal counsel), not to exceed $750,000.

"Merger Corp. Material Adverse Effect" means any event, change, circumstance, effect or state of facts that is or is reasonably expected to be materially adverse to the ability of Merger Corp. to consummate the transactions contemplated by this Agreement or by the Shareholders Agreement.

"Outside Date" shall mean April 9, 2005.

"Paying Agent" shall have the meaning set forth in Section 2.10(a).

"Per Share Amount" shall have the meaning set forth in the recitals.

"Permitted Liens" means (a) Liens for Taxes or governmental assessments or similar obligations the payment of which is not yet due and payable or delinquent, or for Taxes the validity of which are being contested in good faith by appropriate proceedings, (b) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen, and other similar Liens imposed by applicable law incurred in the ordinary course of business for sums not yet delinquent or being contested in good

faith, (c) Liens relating to deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance, and other types of social security, and (d) Liens securing executory obligations under any lease, regardless of whether it constitutes an "operating lease" or a "capitalized lease" under GAAP.

"Person" means an individual, corporation, limited liability company, partnership, association, trust, unincorporated organization, other entity or "group" (as defined in the Exchange Act).

"Preferred Stock" shall have the meaning set forth in the recitals.

"Proxy Statement" shall have the meaning set forth in Section 5.2.

"Real Property Lease" shall mean any contract or agreement to which the Company or any of its Subsidiaries is a party relating to the lease of real property used by the Company or its Subsidiaries.

"Representatives" means a Person's directors, officers, employees, investment bankers, consultants, attorneys, agents and other representatives.

"Retained Restricted Share Participant" shall have the meaning set forth in Section 2.9(a).

"Retained Restricted Shares" shall have the meaning set forth in Section 2.9(a).

"Restricted Shares" means shares of restricted stock granted under any of the Company Stock Plans.

"Retained Option Participants" shall have the meaning set forth in Section 2.9(a).

"Retained Options" shall have the meaning set forth in Section 2.9(a).

"Schedule 13E-3" means the Schedule 13E-3 to be filed by the Company, Merger Corp. and the members of the Shareholder Group with the SEC in connection with the Merger and the other transactions contemplated hereby, including any and all amendments thereto.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Series A Preferred Stock" shall have the meaning set forth in the recitals.

"Series B Preferred Stock" shall have the meaning set forth in the recitals.

"Shareholders Agreement" shall have the meaning set forth in the recitals.

"Shareholder Group" shall have the meaning set forth in the recitals.

"Shareholders Meeting" shall have the meaning set forth in Section 5.1.

"Special Committee" shall have the meaning set forth in the recitals.

"Stock Option" means an option to purchase shares of Common Stock.

"Subsidiary" means, with respect to any Person, any other Person, whether incorporated or unincorporated, of which (a) such first Person or any other Subsidiary of such first Person is a general partner (excluding such partnerships where such first Person or any Subsidiary of such first Person does not have a majority of the voting interest in such partnership) or (b) at least a majority of the securities or other interests having by their terms ordinary voting power to elect a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is, directly or indirectly, owned or controlled by such first Person or by any one or more of its Subsidiaries, or by such first Person and one or more of its Subsidiaries.

"Superior Transaction" shall have the meaning set forth in Section 5.10(d).

"Surviving Corporation" shall have the meaning set forth in Section 2.1.

"Tail Period" shall have the meaning set forth in Section 5.8(c).

"Tax Returns" means all reports, returns, information returns, statements, declarations and certifications required to be filed with respect to Taxes.

"Taxes" means any income, alternative or add-on minimum tax, gross receipts, sales, use, transfer, gains, ad valorem, franchise, profits, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental or windfall profit tax, custom, duty or other tax, or other like assessment or charge, together with any related interest, penalty, addition to tax or additional amount.

"Transmittal Documents" shall have the meaning set forth in Section 2.10(b).

(b) Construction of Certain Terms and Phrases. Unless the context of this Agreement otherwise requires, (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or

singular number, respectively; (iii) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Agreement; (iv) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; (v) the term "lease" also includes subleases, the term "lessor" also includes any sublessor, and the term "lessee" also includes any sublessee; and (vi) the phrases "ordinary course of business" and "ordinary course of business consistent with past practice" refer to the business and practice of the Company or a Subsidiary. Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless otherwise specified. All accounting terms used herein and not expressly defined herein shall have the meanings given to them under GAAP.

ARTICLE II

THE MERGER

SECTION 2.1. The Merger. Subject to the conditions of this Agreement and in accordance with the IBCL, the parties hereto shall consummate the Merger pursuant to which (a) Merger Corp. shall merge with and into the Company and the separate corporate existence of Merger Corp. shall thereupon cease, (b) the Company shall be the surviving corporation in the Merger (sometimes referred to as the "Surviving Corporation") and shall continue to be governed by the laws of the State of Indiana, and (c) the corporate existence of the Company, with all of its rights, privileges, immunities, powers and franchises, shall continue unaffected by the Merger.

SECTION 2.2. Effective Time. As soon as practicable after the satisfaction or waiver (to the extent permitted by applicable law) of the conditions set forth in Article VI, the parties hereto shall cause articles of merger in such form as required by, and executed in accordance with, the relevant provisions of the IBCL (the "Articles of Merger") to be executed and filed on the Closing Date (or on such other date as Merger Corp. and the Company may agree) with the Secretary of State of the State of Indiana. The closing of the Merger (the "Closing") will take place (a) at the offices of the Company, 4220 Edison Lakes Parkway, Mishawaka, Indiana 46545, at 10:00 a.m. Indiana time on a date as soon as reasonably practicable (but in any event no later than the third business day) after satisfaction or waiver (to the extent permitted by applicable law) of the conditions set forth in Article VI (other than those conditions that are to be satisfied at the Closing, but subject to the satisfaction or waiver (to the extent permitted by applicable law) of such other conditions), or (b) at such other place or time and/or such other date as the parties may agree. The date on which the Closing occurs is referred to in this Agreement as the "Closing Date." The Merger shall become effective at such time as the Articles of Merger are duly filed with the Secretary of State of the State of Indiana or at such later date and time as the parties shall agree and as shall be specified in the Articles of Merger (the time the Merger becomes effective, the "Effective Time").

SECTION 2.3. Effects of the Merger. The Merger shall have the effects as

set forth in Section 23-1-40-6 of the IBCL. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all the properties, rights, privileges, powers and franchises of the Company and Merger Corp. shall vest in the Surviving Corporation, and all debts, liabilities and duties of the Company and Merger Corp. shall become the debts, liabilities and duties of the Surviving Corporation.

SECTION 2.4. Articles of Incorporation and Bylaws.

(a) The articles of incorporation of the Company in effect immediately prior to the Effective Time, as amended in accordance with the Articles of Merger, shall be the articles of incorporation of the Surviving Corporation until amended in accordance with its terms and applicable law.

(b) The bylaws of Merger Corp. in effect immediately prior to the Effective Time shall be the bylaws of the Surviving Corporation until amended in accordance with its terms and applicable law.

SECTION 2.5. Directors. The directors of Merger Corp. immediately prior to the Effective Time shall be the initial directors of the Surviving Corporation, each to hold office in accordance with the articles of incorporation and bylaws of the Surviving Corporation until such director's successor is duly elected or appointed and qualified.

SECTION 2.6. Officers. The officers of the Company immediately prior to the Effective Time shall be the initial officers of the Surviving Corporation, each to hold office in accordance with the articles of incorporation and bylaws of the Surviving Corporation until such officer's successor is duly elected or appointed and qualified.

SECTION 2.7. Subsequent Actions. If, at any time after the Effective Time, the Surviving Corporation shall determine in good faith or be advised that any deeds, bills of sale, assignments, assurances or any other actions or things are necessary or desirable to vest, perfect or confirm of record or otherwise in the Surviving Corporation its right, title or interest in, to or under any of the rights, properties

or assets of either of the Company or Merger Corp. acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger or otherwise to carry out this Agreement, the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of either the Company or Merger Corp., all such deeds, bills of sale, assignments and assurances and to take and do, in the name and on behalf of each of such corporations or otherwise, all such other actions and things as may be necessary or desirable to vest, perfect or confirm any and all right, title and interest in, to and under such rights, properties or assets in the Surviving Corporation or otherwise to carry out this Agreement.

SECTION 2.8. Effect on the Capital Stock. As of the Effective Time, by

virtue of the Merger and without any action on the part of the holder thereof:

(a) Each issued and outstanding share of common stock of Merger Corp. immediately prior to the Effective Time shall be converted into one fully paid and nonassessable share of common stock, no par value, of the Surviving Corporation following the Merger.

(b) Each share of Common Stock that is owned by Merger Corp. or any of its Affiliates immediately prior to the Effective Time shall automatically be canceled and retired and shall cease to exist, and no cash, Common Stock or other consideration, including the Merger Consideration, shall be delivered or deliverable in exchange therefor.

(c) Each share of Common Stock that is owned by or held in the treasury of the Company immediately prior to the Effective Time shall automatically be canceled and retired and shall cease to exist, and no cash, Common Stock or other consideration, including the Merger Consideration, shall be delivered or deliverable in exchange therefor.

(d) Shares of Common Stock issued and outstanding immediately prior to the Effective Time (other than any shares to be canceled pursuant to Sections 2.8(b) and 2.8(c)) held by each shareholder of the Company shall be converted into the right to receive an amount in cash (the "Merger Consideration") equal to the product of (A) the number of shares of Common Stock owned by such shareholder immediately prior to the Effective Time, and (B) the Per Share Amount. The Merger Consideration shall be payable to the holder of shares of Common Stock, without interest thereon, upon the surrender of the certificate or certificates formerly representing such shares of Common Stock (each, a "Certificate") in the manner provided in Section 2.10, less any required withholding of U.S. federal, state, local or foreign Taxes. From and after the Effective Time, all such shares of Common Stock shall no longer be outstanding and shall be deemed to be canceled and retired and shall cease to exist, and each holder of shares of Common Stock shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration therefor in accordance with Section 2.10.

SECTION 2.9. Treatment of Options and Restricted Shares.

(a) Section 2.9(a) of the Company Disclosure Schedule contains a true and complete list (the "Award List") of each Stock Option (along with the number of shares of Common Stock underlying the Stock Options, the exercise prices thereof and the vesting schedule thereof) and each award of Restricted Shares (along with the number of shares of Common Stock underlying the Restricted Shares and the vesting schedule thereof), in either case granted under the Company Stock Plans and outstanding as of the date hereof. Stock Options held by any Person permitted by Merger Corp. in writing on or after the date hereof to convert his or her Stock Options into options to purchase shares of common stock of the Surviving Corporation following the Effective Time (collectively, the "Retained Option Participants"), to the extent such Person agrees to have such Stock Options treated as Retained Options hereunder on terms mutually satisfactory to Merger Corp. and such Person, are referred to as "Retained Options". Restricted

Shares held by any Person permitted by Merger Corp. in writing on or after the date hereof to convert his or her Restricted Shares into shares of common stock of the Surviving Corporation following the Effective Time (collectively, "Retained Restricted Share Participants"), to the extent such Person agrees to have such Restricted Shares treated as Retained Restricted Shares hereunder on terms mutually satisfactory to

Merger Corp. and such Person, are referred to as "Retained Restricted Shares". Merger Corp. may require that a Retained Option Participant, as a condition to having the Stock Options held by such Retained Option Participant treated as Retained Options, and that a Retained Restricted Share Participant, as a condition to having the Restricted Shares held by such Retained Restricted Share Participant treated as Retained Restricted Shares, agree in writing to be subject to certain restrictions on the transferability of any shares of common stock of the Surviving Corporation that are acquired after the Effective Time upon the exercise of such Retained Options or the vesting of such Retained Restricted Shares, as the case may be.

(b) As provided in the Company Stock Plans and the individual award agreements, (i) as of the Effective Time, each outstanding Stock Option, other than any Retained Options, shall represent the right to receive the excess of the Per Share Amount over the exercise price per share, if any, multiplied by the number of shares of Common Stock subject to such Stock Option, and (ii) as of the time of the Company Shareholder Approval, each outstanding Restricted Share, other than any Retained Restricted Shares, shall vest and the restrictions thereon shall lapse, the Company will deliver to the holder thereof a Certificate representing such Restricted Share and such Restricted Share shall represent the right to receive the Merger Consideration subject to compliance with the terms of Section 2.10.

(c) As soon as practicable following the Effective Time, the Surviving Corporation shall pay to the holder of each outstanding Stock Option (other than Retained Options) with an option exercise price that is less than the Per Share Amount, in full satisfaction of such Stock Option, an amount in cash (less any required withholding of U.S. federal, state, local or foreign Taxes) determined in accordance with Section 2.9(b)(i).

(d) The Company shall take all actions reasonably necessary, with Merger Corp.'s assistance, to ensure that, effective as of the Effective Time, no holder of (i) Stock Options, other than the Retained Option Participants, will have any right to receive any shares of capital stock of the Company or, if applicable, the Surviving Corporation, upon exercise of any Stock Option or any other event, or (ii) Restricted Shares, other than Retained Restricted Share Participants, will have any right to receive any shares of capital stock of the Company or, if applicable, the Surviving Corporation, upon vesting of any Restricted Shares or any other event, in either case following the Effective Time.

SECTION 2.10. Payment for Shares.

(a) Prior to the Effective Time, Merger Corp. shall designate a bank or trust company reasonably acceptable to the Company to act as paying agent in connection with the Merger (the "Paying Agent") pursuant to a paying agent agreement providing for the matters set forth in this Section 2.10 and otherwise reasonably satisfactory to the Company. At or promptly following the Effective Time, Merger Corp. shall, or shall cause the Surviving Corporation to, make available to the Paying Agent for the benefit of holders of shares of Common Stock (including Restricted Shares, other than Retained Restricted Shares), as needed, the aggregate consideration to which such holders of shares of Common Stock (including such Restricted Shares) shall be entitled at the Effective Time pursuant to Section 2.8(d) and Section 2.9(b)(ii). Such funds shall be invested in time deposits, treasury bills, or money market or other similar instruments as directed by the Surviving Corporation pending payment thereof by the Paying Agent to holders of the shares of Common Stock (including such Restricted Shares). Earnings from such investments shall be the sole and exclusive property of the Surviving Corporation, and no part thereof shall accrue to the benefit of the holders of shares of Common Stock (including such Restricted Shares).

(b) Promptly after the Effective Time, the Paying Agent shall mail to each record holder, as of the Effective Time, of an outstanding Certificate(s), whose shares of Common Stock were converted pursuant to Section 2.8(d) into the right to receive the Merger Consideration (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificate(s) shall pass, only upon proper delivery of the Certificate(s) to the Paying Agent and shall be in such form and have such other provisions not inconsistent with this Agreement as Merger Corp. may reasonably specify), and (ii) instructions for use in effecting the surrender of the Certificate(s) in exchange for payment of the Merger Consideration (together, the "Transmittal Documents"). Upon surrender of a Certificate or

Certificates for cancellation to the Paying Agent or to such other agent or agents as may be appointed by Merger Corp., together with such letter of transmittal and any other required documents, duly executed, the holder of such Certificate(s) shall be entitled to receive in exchange therefor (as promptly as practicable) the Merger Consideration in respect of all shares of Common Stock formerly represented by such surrendered Certificate(s), without any interest thereon, pursuant to Section 2.8(d). The Certificate(s) so surrendered shall forthwith be canceled. If payment of the Merger Consideration is to be made to a Person other than the Person in whose name the surrendered Certificate(s) is registered, it shall be a condition of payment that the Certificate(s) so surrendered shall be properly endorsed or shall otherwise be in proper form for transfer, that the signatures on the Certificate(s) or any related stock power shall be properly guaranteed and that the Person requesting such payment shall have established to the satisfaction of Merger Corp. that any transfer and other Taxes required by reason of the payment of the Merger Consideration to a Person other than the registered holder of the Certificate(s) surrendered have been paid or are not applicable. Until surrendered in accordance with the provisions of and as contemplated by this Section 2.10, any Certificate(s) (other than

Certificate(s) representing shares of Common Stock subject to Sections 2.8(b) and (c)) shall be deemed, at any time from and after the Effective Time, to represent only the right to receive the Merger Consideration in cash without interest as contemplated by this Section 2.10. Upon the surrender of a Certificate(s) in accordance with the terms and instructions contained in the Transmittal Documents, the Surviving Corporation shall cause the Paying Agent to pay to the holder of such Certificate(s) in exchange therefor cash in an amount equal to the Merger Consideration (other than Certificate(s) representing shares of Common Stock subject to Sections 2.8(b) and (c)).

(c) At the Effective Time, the stock transfer books of the Company shall be closed and there shall not be any further registration of transfers of any shares of capital stock thereafter on the records of the Company. If, after the Effective Time, a Certificate (other than those subject to Sections 2.8(b) and (c)) is presented to the Surviving Corporation, it shall be canceled and exchanged for the consideration provided for, and in accordance with the procedures set forth, in this Section 2.10. No interest shall accrue or be paid on any cash payable upon the surrender of a Certificate.

(d) From and after the Effective Time, the holders of Certificates shall cease to have any rights with respect to shares of Common Stock represented by such Certificate except as otherwise provided herein or by applicable law.

(e) If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed, the Surviving Corporation shall pay or cause to be paid in exchange for such lost, stolen or destroyed Certificate the relevant portion of the Merger Consideration in accordance with Section 2.8(d) for shares of Common Stock represented thereby. When authorizing such payment of any portion of the Merger Consideration in exchange therefor, the board of directors of the Surviving Corporation may, in its discretion and as a condition precedent to the payment thereof, require the owner of such lost, stolen or destroyed Certificate to give the Surviving Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Surviving Corporation with respect to the Certificate alleged to have been lost, stolen or destroyed.

(f) Promptly following the date that is one year after the Effective Time, the Surviving Corporation shall be entitled to require the Paying Agent to deliver to it any cash (including any interest received with respect thereto), Certificates and other documents in its possession relating to the Merger, that had been made available to the Paying Agent and that have not been disbursed to holders of Certificates, and thereafter such holders shall be entitled to look to the Surviving Corporation (subject to abandoned property, escheat or similar laws) only as a general creditor thereof with respect to any portion of the Merger Consideration payable upon due surrender of their Certificates, without any interest thereon.

(g) The Merger Consideration paid in the Merger shall be net to the holder of shares of Common Stock in cash, subject to reduction only for any applicable federal, state, local or foreign withholding Taxes. To the extent that amounts are so withheld, such amounts shall be treated for all purposes of this

Agreement as having been paid to the Person in respect of which such withholding was made.

(h) Anything to the contrary in this Section 2.10 notwithstanding, to the fullest extent permitted by law, none of the Paying Agent, Merger Corp. or the Surviving Corporation shall be liable to any holder of a Certificate for any amount properly delivered to a public official pursuant to any applicable abandoned property, escheat or similar law. If Certificates are not surrendered prior to two years after the Effective Time, unclaimed funds payable with respect to such Certificates shall, to the extent permitted by applicable law, become the property of the Surviving Corporation, free and clear of all claims or interest of any Person previously entitled thereto.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the Company SEC Documents filed on or prior to the date hereof or in the Company Disclosure Schedule (it being understood that any matter set forth in any section of the Company Disclosure Schedule shall be deemed disclosed with respect to any other section of the Company Disclosure Schedule to the extent such matter is disclosed in a way as to make its relevance to the information called for by such other section reasonably clear on its face), the Company hereby represents and warrants to Merger Corp. as follows:

SECTION 3.1. Organization and Qualification. The Company is a corporation validly existing under the laws of the State of Indiana and has all requisite corporate power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its businesses as now being conducted, except where the failure to have such power, authority and governmental approvals, would not, individually or in the aggregate, have a Company Material Adverse Effect. The Company SEC Documents include accurate and complete copies of the Company's articles of incorporation and bylaws, as currently in effect.

SECTION 3.2. Capitalization of the Company.

(a) The authorized capital stock of the Company consists of: (i) 50,000,000 shares of Common Stock and (ii) 5,000,000 shares of Preferred Stock, (A) 141,450 shares of which are designated as shares of Series A Preferred Stock and (B) 180,000 shares of which are designated as shares of Series B Preferred Stock. As of November 1 2004, (i) 11,609,099 shares of Common Stock were issued and outstanding and 1,360,573 shares were held in treasury and (ii) no shares of Preferred Stock were issued and outstanding or held in treasury. All of the outstanding shares of Common Stock have been validly issued, and are fully paid, nonassessable and free of preemptive rights. Except as set forth in Section 2.9(a) of the Company Disclosure Schedule, no shares of Common Stock are subject to issuance pursuant to the Company Stock Plans. Other than as contemplated in

this Agreement, since November 1, 2004 no shares of capital stock of the Company have been issued other than pursuant to the exercise of Stock Options set forth on the Award List, and no Stock Options or Restricted Shares have been granted. Except as set forth above or in the next succeeding sentence, there are no outstanding (i) shares of capital stock (including Restricted Shares) or other voting securities of the Company, (ii) securities of the Company or any of its Subsidiaries convertible into or exchangeable for shares of capital stock or voting securities of the Company, (iii) options or other rights to acquire from the Company or any of its Subsidiaries, or obligations of the Company or any of its Subsidiaries to issue or sell, any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of the Company, or (iv) equity equivalents, interests in the ownership or earnings of the Company or other similar rights (collectively, "Company Securities"). Each share of Common Stock carries with it an associated share purchase right (collectively, the "Company Rights") issued pursuant to the Rights Agreement between the Company and KeyCorp. Shareholder Services, Inc. as Rights Agent, dated as of March 27, 1997 (as heretofore amended, the "Company Rights Agreement"), which entitles the holder thereof to purchase, on the occurrence of certain events, shares of Series B Preferred Stock or Common Stock. Other than as contemplated by this Agreement, there are no outstanding obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any Company Securities.

(b) The shares of Common Stock constitute the only class of equity securities of the Company or any of its Subsidiaries registered or required to be registered under the Exchange Act. No Subsidiary of the Company owns any Company Securities.

SECTION 3.3. Authority Relative to this Agreement.

(a) The Company has all the necessary corporate power and authority to execute and deliver this Agreement and, subject to obtaining Company Shareholder Approval, to consummate the transactions contemplated hereby in accordance with the terms hereof. The execution, delivery and performance of this Agreement by the Company and the consummation by it of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action (other than obtaining the Company Shareholder Approval), and, except for obtaining the Company Shareholder Approval, no other corporate action or corporate proceeding on the part of the Company is necessary to authorize the execution and delivery by the Company of this Agreement and the consummation by it of the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by the Company and, assuming due and valid authorization, execution and delivery by Merger Corp., constitutes a valid, legal and binding agreement of the Company, enforceable against the Company in accordance with its terms, except that such enforcement may be subject to (i) any bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other laws, now or hereafter in effect, affecting creditors' rights generally, and (ii) the effect of general principles of equity (regardless of whether enforceability is considered in a proceeding of law or equity).

(b) The Special Committee (i) has been duly authorized and constituted, and (ii) at a meeting thereof duly called and held on November 9, 2004, by a vote of three (3) to one (1), (A) determined that this Agreement and the Merger are fair to and in the best interests of the Company and its shareholders (other than Merger Corp. and its Affiliates), (B) determined that this Agreement and the Merger should be approved and declared advisable by the Company Board and (C) resolved to recommend that the Company's shareholders approve this Agreement and the Merger.

(c) The Company Board, at a meeting thereof duly called and held on November 9, 2004, based on the recommendation of the Special Committee, by a vote of six (6) to one (1), (i) determined that this Agreement and the Merger are fair to and in the best interests of the Company and its shareholders (other than Merger Corp. and its Affiliates), (ii) approved, adopted and declared advisable this Agreement and the Merger, and (iii) resolved to recommend that the Company's shareholders approve this Agreement and the Merger.

SECTION 3.4. SEC Filings. None of the information included in the Proxy Statement or the Schedule 13E-3 will (in the case of the Schedule 13E-3) at the time of its filing with the SEC or (in the case of the Proxy Statement) at the time mailed to the Company's shareholders or at the time of the Shareholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which such statements are made, not misleading, except that no representation is made by the Company with respect to statements made in or omitted from the Proxy Statement or the Schedule 13E-3 relating to Merger Corp. or any of its Affiliates based on information supplied by Merger Corp. or any of its Affiliates for inclusion or incorporation by reference in the Proxy Statement or the Schedule 13E-3. The Proxy Statement and the Schedule 13E-3 will comply as to form in all material respects with the requirements of the Exchange Act.

SECTION 3.5. Consents and Approvals, No Violations. No filing with or notice to, and no permit, authorization, consent or approval of, any federal, state, local or foreign court or tribunal or administrative, governmental, arbitral or regulatory body, agency or authority (a "Governmental Entity"), is required on the part of the Company or any of its Subsidiaries for the execution, delivery and performance by the Company of this Agreement or the consummation by the Company of the transactions contemplated hereby, except (a) pursuant to the applicable requirements of the Securities Act and the Exchange Act, (b) the filing of the Schedule 13E-3 and the Proxy Statement, (c) the filing of the Articles of Merger pursuant to the IBCL, or (d) where the failure to obtain such permits, authorizations, consents or

approvals or to make such filings or give such notice would not, individually or in the aggregate, have a Company Material Adverse Effect. Neither the execution, delivery and performance of this Agreement by the Company, nor the consummation by the Company of the transactions contemplated hereby, will (i) conflict with

or result in any breach of any provision of the respective articles of incorporation or bylaws (or similar governing documents) of the Company or of any its Subsidiaries, (ii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, amendment, cancellation, alteration or acceleration, or result in the creation of a Lien on any property or asset of the Company or any of its Subsidiaries, or trigger any rights of first refusal) under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which the Company or any of its Subsidiaries is a party or by which any of them or any of their respective properties, capital stock or assets may be bound, or (iii) violate any order, writ, injunction, decree, law, statute, rule or regulation applicable to the Company or any of its Subsidiaries or any of their respective properties or assets, except in the case of (ii) or (iii) above for violations, breaches, defaults or other occurrences that would not, individually or in the aggregate, have a Company Material Adverse Effect.

SECTION 3.6. State Takeover Statute Inapplicable. The Company Board and the Special Committee have approved and adopted this Agreement and the transactions contemplated hereby as required under any applicable state takeover laws or any of the Company's organizational documents so that the provisions of any "anti-takeover", "fair price", "moratorium", "control share acquisition" or similar laws or regulations contained in the IBCL will not apply to this Agreement or any of the transactions contemplated hereby.

SECTION 3.7. Company Rights Agreement. The Company Rights Agreement has been amended to (a) render the Company Rights Agreement inapplicable to the Merger and the other transactions contemplated by this Agreement, (b) ensure that (i) neither Merger Corp. nor any of its Affiliates is an Acquiring Person (as defined in the Company Rights Agreement) pursuant to the Company Rights Agreement, (ii) a Distribution Date (as such term is defined in the Company Rights Agreement) does not occur solely by reason of the approval, execution or delivery of this Agreement, the consummation of the Merger or the consummation of the other transactions contemplated by this Agreement and (iii) all outstanding Company Rights will expire or otherwise terminate immediately prior to the Effective Time.

SECTION 3.8. Brokers. Other than Houlihan Lokey Howard & Zukin Financial Advisers, Inc. and Houlihan Lokey Howard & Zukin Capital, true and complete copies of whose engagement agreements have been delivered to Merger Corp., no broker, finder, investment banker or other intermediary is or might be entitled to any brokerage, finders' or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Company, the Company Board or the Special Committee.

SECTION 3.9. Opinion of Financial Advisor. Houlihan Lokey Howard & Zukin Financial Advisers, Inc. and Houlihan Lokey Howard & Zukin Capital have delivered their opinion to the effect that, as of the date of such opinion, the consideration to be received in the Merger by the holders of Common Stock (other than Merger Corp. and its Affiliates) is fair from a financial point of view to such holders.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF MERGER CORP.

Merger Corp. hereby represents and warrants to the Company as follows:

SECTION 4.1. Organization. Merger Corp. is a corporation validly existing under the laws of the State of Indiana and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted, except where the failure to have such power and authority would not, individually or in the aggregate, have a Merger Corp. Material Adverse Effect. Merger Corp. was formed solely for the purpose of engaging in the transactions contemplated by

this Agreement. Merger Corp. has not engaged in any activities, owned any assets or been subject to any liabilities, except as is necessary to effect the Merger.

SECTION 4.2. Authority Relative to this Agreement. Merger Corp. has all necessary corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the board of directors and the shareholders of Merger Corp., and no other corporate or similar proceedings on the part of Merger Corp. are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Merger Corp. and, assuming due and valid authorization, execution and delivery by the other parties thereto, constitutes a valid, legal and binding agreement of Merger Corp., enforceable against Merger Corp. in accordance with its terms, except that such enforcement may be subject to (a) any bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other laws, now or hereafter in effect, affecting creditors' rights generally, and (b) the effect of general principles of equity (regardless of whether enforceability is considered in a proceeding of law or equity).

SECTION 4.3. Consents and Approvals; No Violations. (a) No filing with or notice to, and no permit, authorization, consent or approval of, any Governmental Entity is required on the part of Merger Corp. for the execution and delivery by Merger Corp. of this Agreement or the consummation by Merger Corp. of the transactions contemplated hereby, except (a) pursuant to the applicable requirements of the Securities Act and the Exchange Act, (b) the filing of the Schedule 13E-3, (c) the filing of the Articles of Merger pursuant to the IBCL, or (d) where the failure to obtain such permits, authorizations, consents or approvals or to make such filings or give such notice would not, individually or in the aggregate, have a Merger Corp. Material Adverse Effect. Neither the execution, delivery and performance of this Agreement by Merger Corp. nor the consummation by Merger Corp. of the transactions contemplated hereby will (a) conflict with or result in any breach of any provision of the articles of incorporation or bylaws of Merger Corp., (b) result in a violation or breach of, or constitute (with or without due notice or lapse of time or

both) a default (or give rise to any right of termination, amendment, cancellation or acceleration, or result in the creation of a Lien on any property or asset of Merger Corp., or trigger any rights of first refusal) under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which Merger Corp. is a party or by which Merger Corp. or its properties or assets may be bound, or (c) violate any order, writ, injunction, decree, law, statute, rule or regulation applicable to Merger Corp. or any of its properties or assets, except in the case of (b) or (c) above for violations, breaches, defaults or other occurrences that would not, individually or in the aggregate, have a Merger Corp. Material Adverse Effect.

SECTION 4.4. Capitalization. All the issued and outstanding shares of common stock of Merger Corp. have been duly authorized, validly issued and are fully paid and nonassessable and are owned by the members of the Shareholder Group free and clear of all Liens.

SECTION 4.5. SEC Filings. None of the information supplied by or on behalf of Merger Corp. or its Affiliates in writing specifically for inclusion or incorporation by reference in the Proxy Statement or the Schedule 13E-3 will (in the case of the Schedule 13E-3) at the time of its filing with the SEC or (in the case of the Proxy Statement) at the time filed with the SEC, at the time mailed to the Company's shareholders or at the time of the Shareholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

SECTION 4.6. Ownership of Shares. On the Closing Date, Merger Corp. will beneficially and of record own at least the number of shares of Common Stock set forth on Exhibit A attached hereto, free and clear of any Liens or any other limitation or restriction (including any restriction on the right to vote or sell the same, except as may be provided as a matter of law or as described on Exhibit A).

SECTION 4.7. Financing. The Special Committee has previously been provided with fully-executed commitment letters and related documentation (the "Financing Commitment Letters") from lenders (the

"Lenders") relating to such debt financing as is necessary to (x) pay the cash amounts payable to the holders of shares of Common Stock pursuant to Section 2.8(d) (including Restricted Shares other than the Retained Restricted Shares pursuant to Section 2.9(b)(ii)) and to the holders of Stock Options pursuant to Section 2.9(c), (y) effect all refinancings of outstanding indebtedness of the Company and its Subsidiaries required as a result of the Merger or as required by the Financing Commitment Letters and (z) pay the anticipated fees and expenses related to the Merger (the "Debt Financing"). On the date hereof, the Financing Commitment Letters are in full force and effect and have not been amended or modified in any respect and the Lenders have not advised Merger Corp.

or any of its Affiliates of any facts which cause them to believe the financings contemplated by the Financing Commitment Letters will not be consummated substantially in accordance with the terms thereof.

SECTION 4.8. Brokers. Except for Banc of America Securities, LLC, whose fees and expenses are the sole obligation of Merger Corp., no broker, finder, investment banker or other intermediary is or might be entitled to any brokerage, finder's or other fee or commission payable by the Company in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Merger Corp. or its Affiliates.

SECTION 4.9. Disclosure. To the knowledge of Merger Corp. and its Affiliates, neither any Company SEC Document nor any representation or warranty of the Company contained in this Agreement nor any other information furnished by or on behalf of the Shareholder Group to the Special Committee or its advisors contains any untrue statement of material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

ARTICLE V

COVENANTS

SECTION 5.1. Shareholders Meeting. The Company, acting through the Company Board in accordance with its articles of incorporation and bylaws, shall, as promptly as practicable following the date of this Agreement and in consultation with Merger Corp., take all action reasonably necessary, except as otherwise provided for herein, to seek approval of this Agreement and the Merger at a duly called and noticed meeting of the Company's shareholders (the "Shareholders Meeting").

SECTION 5.2. SEC Filings. Promptly following the date of this Agreement, the Company and Merger Corp. shall, except as otherwise provided for herein, (i) cooperate in preparing and filing with the SEC the Schedule 13E-3 and (ii) cooperate in preparing a proxy statement that meets the requirements of the Exchange Act (together with any amendments thereof or supplements thereto, the "Proxy Statement") to seek the approval of this Agreement and the Merger by the Company's shareholders at the Shareholders Meeting and to cause the Proxy Statement to be filed with the SEC and mailed to the Company's shareholders as promptly as reasonably practicable. All filings with the SEC, including the Proxy Statement and the Schedule 13E-3, and all mailings to the Company's shareholders in connection with the Merger, including the Proxy Statement, shall be subject to the prior review and comment by Merger Corp., and shall be reasonably acceptable to Merger Corp. Merger Corp. will furnish (or cause to be furnished) to the Company the information relating to it and its Affiliates required by the Exchange Act to be set forth in the Proxy Statement or the Schedule 13E-3. The Company and Merger Corp. each shall correct any information provided by it for use in the Proxy Statement and the Schedule 13E-3 that shall have become false or misleading. The Company and Merger Corp. will promptly notify the other party of the receipt of any comments from the SEC and any request by the SEC for any amendment to the Proxy Statement or the Schedule 13E-3 or for additional information. The Company and Merger Corp. shall use

their commercially reasonable efforts, after consultation with the other party hereto, to respond promptly to any comments made by the SEC with respect to the Proxy Statement or the Schedule 13E-3 and any preliminary version thereof filed by it. Subject to Section 5.10, the Company shall include in the Proxy Statement the recommendation of the Special Committee and the recommendation of

the Company Board that the Company's shareholders vote in favor of the approval of this Agreement and the Merger (as the same may be amended, modified or withdrawn in accordance with Section 5.10).

SECTION 5.3. Conduct of Business of the Company. The Company hereby covenants and agrees that, prior to the Effective Time, unless Merger Corp. shall otherwise consent in writing (which consent shall not be unreasonably withheld or delayed) or except as otherwise expressly contemplated by this Agreement, the Company Board shall not authorize or direct the officers of the Company or any of its Subsidiaries to take any action or fail to take any action that would cause the Company or such Subsidiary to fail to, (i) operate its business in the usual and ordinary course consistent with past practice, (ii) use its commercially reasonable efforts to preserve substantially intact its business organization, maintain its rights and franchises, retain the services of its respective principal officers and key employees and maintain its relationships with its respective principal suppliers and other persons with which it or any of its Subsidiaries has significant business relations, (iii) use its commercially reasonable efforts to maintain and keep its properties and assets in as good repair and condition as at present, ordinary wear and tear excepted, and (iv) exercise within the time prescribed in each Real Property Lease any option provided therein to extend or renew the term thereof to the extent such Real Property Lease is still necessary and advisable for the conduct of the business of the Company and its Subsidiaries, unless, since such time, an alternate lease has been entered into with terms, in the aggregate, generally not less favorable to the Company or its Subsidiaries. Without limiting the generality of the foregoing, and except as otherwise expressly contemplated by this Agreement or consented to in writing by Merger Corp. (which consent shall not be unreasonably withheld or delayed), the Company Board shall not authorize or direct the officers of the Company or any of its Subsidiaries to do any of the following:

(a) amend or propose to amend its articles of incorporation or bylaws (or other governing documents) or the Company Rights Agreement;

(b) authorize for issuance, issue, sell, deliver, or agree or commit to issue, sell or deliver, dispose of, encumber or pledge (whether through the issuance or granting of options, warrants, commitments, subscriptions, rights to purchase or otherwise) any stock of any class or any securities, except as required by agreements with the Company's employees under any of the Company Stock Plans as in effect as of the date hereof, or amend any of the terms of any such securities or agreements outstanding as of the date hereof;

(c) split, combine or reclassify any shares of its capital stock, declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of its capital stock, or redeem or otherwise acquire any of its securities or any securities of its Subsidiaries;

(d) other than in the ordinary course of business consistent with past practice, (i) incur or assume any long-term or short-term indebtedness or issue any debt securities; (ii) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any other Person; (iii) make any loans, advances or capital contributions to, or investments in, any other Person (other than to wholly owned Subsidiaries of the Company) or make any change in its existing borrowing or lending arrangements for or on behalf of any such Person, whether pursuant to an employee benefit plan or otherwise; (iv) pledge or otherwise encumber shares of capital stock of any of its Subsidiaries; or (v) mortgage, pledge or otherwise encumber any of its material assets, tangible or intangible, or create or suffer to exist any material Lien thereupon other than Permitted Liens in the ordinary course of business, consistent with past practice;

(e) adopt a plan of complete or partial liquidation or adopt resolutions providing for the complete or partial liquidation, dissolution, restructuring or recapitalization of the Company or any of its Subsidiaries;

(f) (i) except as may be required by law or existing agreements, plans or arrangements as in effect as of the date hereof, or in the ordinary course of business consistent with past practice, pay, agree to pay, grant, issue or accelerate payments or benefits pursuant to any Benefit Plan in excess of

the payments or benefits provided under such Benefit Plan as of the date hereof, (ii) except (A) for increases in the ordinary course of business consistent with past practice for employees other than officers and directors of the Company that, in the aggregate, do not result in a material increase in benefits or compensation expense to the Company, or (B) as required under existing agreements or in the ordinary course of business consistent with past practice, increase in any manner the salary or fees or benefits of any director, officer, consultant or employee, or (iii) except as may be required by law, amend (other than amendments made in the ordinary course of business consistent with past practice) or terminate any Benefit Plan or establish, adopt or enter into any plan, agreement, program, policy, trust, fund or other arrangement that would be a Benefit Plan if it were in existence as of the date of this Agreement;

(g) acquire, sell, transfer, lease, encumber or dispose of any assets outside the ordinary course of business or any assets (other than inventory in the ordinary course consistent with past practice) that, in the

aggregate, are material to the Company and its Subsidiaries taken as a whole, or enter into any commitment or transaction outside the ordinary course of business consistent with past practice that would be material to the Company and its Subsidiaries taken as a whole;

(h) except as may be required as a result of a change in law or in GAAP, change any of the financial accounting principles or practices used by it or revalue in any material respect any of its assets, including writing down the value of inventory or writing off notes or accounts receivable other than in the ordinary course of business;

(i) (i) acquire (by merger, consolidation, or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof or any equity interest therein; or (ii) enter into any contract or agreement other than in the ordinary course of business consistent with past practice that would be material to the Company and its Subsidiaries taken as a whole;

(j) make any material Tax election, change any material method of Tax accounting or settle or compromise any material Tax liability of the Company or any of its Subsidiaries, and, in any event, the Company shall consult with Merger Corp. before filing or causing to be filed any material Tax Return of the Company or any of its Subsidiaries, except to the extent such Tax Return is filed in the ordinary course of business consistent with past practice, and before executing or causing to be executed any agreement or waiver extending the period for assessment or collection of any material Taxes of the Company or any of its Subsidiaries;

(k) pay, discharge or satisfy any material claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction in the ordinary course of business consistent with past practice or to the extent provided for in reserves specific to such claim, liability or obligation;

(l) (i) permit any insurance policy or policies naming it as a beneficiary or a loss payable payee, which policy or policies, individually or in the aggregate, is or are material to the Company and the Subsidiaries taken as a whole, to be canceled or terminated without notice to Merger Corp. unless the Company or one of its Subsidiaries shall have obtained a comparable replacement policy, or (ii) enter into any insurance policy or policies naming it as a beneficiary or a loss payable payee, which policy or policies, individually or in the aggregate, is or are material to the Company and the Subsidiaries taken as a whole;

(m) except in the ordinary course of business consistent with past practice, (i) terminate, amend or modify (in any material respect), or waive any material provision of, any Material Contract, or (ii) amend, modify or change (in any material respect) any material policies or procedures governing product sales or returns or the treatment of accounts receivable;

(n) settle or compromise any pending or threatened material suit,

action or claim;

(o) enter into any agreement containing any provision or covenant limiting in any material respect the ability of the Company or any of its Subsidiaries to (i) sell any products or services of or

to any other Person, (ii) engage in any line of business, or (iii) compete with or obtain products or services from any Person or limiting the ability of any Person to provide products or services to the Company or any of its Subsidiaries, in each case, in any geographic area or during any period of time; or

(p) take, or agree in writing or otherwise to take, any of the actions prohibited in Sections 5.3(a) through (o).

SECTION 5.4. Notification of Certain Matters. The Company and Merger Corp. each shall give prompt notice to the other of (a) the occurrence or nonoccurrence of any event the occurrence or nonoccurrence of which would be likely to cause (i) any representation or warranty contained in this Agreement to be untrue or inaccurate, or (ii) any covenant, condition or agreement contained in this Agreement not to be complied with or satisfied, and (b) any failure of a party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; provided, however, that the delivery of any notice pursuant to this Section 5.4 shall not affect the representations, warranties, covenants or agreements of the parties hereto or limit or otherwise affect the remedies available to the Company or Merger Corp. hereunder.

SECTION 5.5. Access to Information.

(a) Between the date hereof and the Effective Time, the Company will, upon reasonable request, give Merger Corp. and its authorized Representatives and Persons providing or committed or proposing to provide the Company with financing and their Representatives, reasonable access during normal business hours to employees, plants, offices, warehouses and other facilities and properties and to all books and records (including Tax Returns and work papers of the Company's independent auditors, when available) of the Company and its Subsidiaries, will permit Merger Corp. and its authorized Representatives to make such inspections as they may reasonably request and will instruct the officers and employees of the Company and those of its Subsidiaries to furnish to Merger Corp. and its authorized Representatives such financial and operating data and other information with respect to the business and properties of the Company and any of its Subsidiaries as Merger Corp. may from time to time reasonably request; provided that the Company shall not be required to provide any such information if the Person receiving such information is not subject to a confidentiality agreement in customary form for the benefit of the Company.

(b) Prior to the Effective Time, the Company shall use commercially reasonable efforts to, and shall cause members of senior management and other

employees and Representatives to, provide reasonable cooperation to Merger Corp. in its efforts to obtain the Debt Financing, including by providing information about the Company and its Subsidiaries and their respective businesses, assets and properties which is reasonably requested by Merger Corp. and its Representatives for inclusion or incorporation by reference in any syndication and other materials to be delivered to potential financing sources in connection with the transactions contemplated by this Agreement (the "Financing Documents"). Notwithstanding anything in this Agreement to the contrary, to the extent reasonably appropriate to assist the success of the Debt Financing, Merger Corp. may disclose, or cause its Representatives to disclose, and at the request of Merger Corp., the Company shall disclose, information concerning the Company and its Subsidiaries and their respective businesses, assets and properties to prospective financing sources in connection with the Merger, subject to the prior execution of a customary confidentiality agreement approved by the Company (which approval shall not be unreasonably withheld or delayed) executed by the recipient of any such information.

(c) The parties agree and acknowledge that the disclosure, provision or furnishing of information, directly or indirectly, by the Company under this Agreement shall not be deemed a waiver of any privilege under applicable law that has been or may be asserted, including privileges arising under or relating to the attorney-client relationship (which shall include the attorney-client and work product privileges).

SECTION 5.6. Additional Agreements; Commercially Reasonable Efforts.

(a) Prior to the Effective Time, upon the terms and subject to the conditions of this Agreement, each of Merger Corp. and the Company shall use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under any applicable laws, rules or regulations to consummate and make effective as promptly as practicable the Merger and the other transactions contemplated by this Agreement, including (i) the preparation and filing of all forms, registrations and notices required to be filed to consummate the Merger and the other transactions contemplated hereby and the taking of such actions as are necessary to obtain any requisite approvals, consents, orders, exemptions or waivers by any third party, including any Governmental Entity or franchisor, and (ii) the satisfaction of the other party's conditions to the consummation of the Merger. Without limiting this Section 5.6, Merger Corp. and the Company shall each use its commercially reasonable efforts to avoid the entry of, or to have vacated or terminated, any decree, order, or judgment that would restrain, prevent or delay the Closing, on or before the Outside Date. In addition, no party hereto shall take any action after the date hereof that would reasonably be expected to materially delay the obtaining of, or result in not obtaining, any permission, approval or consent from any Governmental Entity or franchisor necessary to be obtained prior to the consummation of the Merger. In furtherance of and not in limitation of the foregoing, the Company shall permit Merger Corp. to reasonably participate (subject to the Company's right to control) in the defense and settlement of any claim, suit or cause of action relating to this

Agreement, the Merger or the other transactions contemplated hereby, and the Company shall not settle or compromise any such claim, suit or cause of action without Merger Corp.'s prior written consent (which consent shall not be unreasonably withheld or delayed).

(b) Prior to the Effective Time, the Company or its Subsidiaries, on the one hand, and Merger Corp. or its Affiliates, on the other hand, shall permit the other parties hereto to review and discuss in advance, and consider in good faith the views of the other parties in connection with, any proposed written (or any material proposed oral) communication with any Governmental Entity or franchisor regarding any of the transactions contemplated by this Agreement. The Company or its Subsidiaries, on the one hand, and Merger Corp. or its Affiliates, on the other hand, shall promptly inform the other parties hereto of, and if in writing, furnish the other parties with copies of (or, in the case of material oral communication, advise the other parties orally of) any communication from any Governmental Entity or franchisor regarding any of the transactions contemplated by this Agreement. If the Company or its Subsidiaries, on the one hand, or Merger Corp. or its Affiliates, on the other hand, receives a request for additional information or documentary material from any such Governmental Entity or franchisor with respect to the Merger, then such party will endeavor in good faith to make, or cause to be made, as soon as reasonably practicable and after consultation with the other parties hereto, an appropriate response in compliance with such request. None of the Company or its Subsidiaries, on the one hand, or Merger Corp. or its Affiliates, on the other hand, shall participate in any meeting with any Governmental Entity or franchisor with respect to the Merger unless it consults with the other parties hereto in advance and, to the extent permitted by such Governmental Entity, gives the other parties the opportunity to attend and participate thereat. To the extent not otherwise provided in this Section 5.6(b), the Company or its Subsidiaries, on the one hand, and Merger Corp. or its Affiliates, on the other hand, shall furnish the other parties hereto with copies of all correspondence, and communications between it and any such Governmental Entity or franchisor with respect to the Merger, provided that either the Company or Merger Corp. or an Affiliate of Merger Corp. may redact any information from such correspondence and communications that discusses or reflects its valuation of the Merger. The Company or its Subsidiaries, on the one hand, and Merger Corp. or its Affiliates, on the other hand, shall furnish the other parties hereto with such necessary information and reasonable assistance as such other parties may reasonably request in connection with their preparation of necessary communications or submissions of information to any Governmental Entity or franchisor.

(c) Merger Corp. shall use its commercially reasonable efforts to obtain the financing contemplated by Section 4.7. Notwithstanding any other provision of this Agreement to the contrary, Merger Corp. may amend or revise the Financing Commitment Letters referred to in Section 4.7, or enter into new, replacement or additional financing arrangements, through itself or any of its Affiliates, in connection with

the financing referred to in Section 4.7 or otherwise to facilitate the transactions contemplated by this Agreement, provided that (i) any such action would not, individually or in the aggregate, have a Merger Corp. Material Adverse Effect or materially delay the Closing, and (ii) any such amendment or revision or new, replacement or additional financing arrangements are upon terms and conditions that are substantially equivalent to those set forth in the Financing Commitment Letters, and to the extent any of the terms or conditions are not substantially equivalent to those set forth in the Financing Commitment Letters, on terms and conditions reasonably satisfactory to the Special Committee.

(d) Between the date hereof and the Closing, (i) to the extent that transfers of Company Permits are required as a result of the execution of this Agreement or the consummation of the Merger, the Company and Merger Corp. shall use all commercially reasonable efforts to effect such transfers, and (ii) the Company shall use its commercially reasonable efforts to identify and secure or provide any other consents or notices required as a result of the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby.

SECTION 5.7. Public Announcements. Merger Corp. and the Company, as the case may be, will consult with each other before issuing any press release or otherwise making any public statements with respect to this Agreement, the Merger or the other transactions contemplated hereby, and shall not issue any such press release or make any such public statement without the prior consent of the other parties hereto (which consent shall not be unreasonably withheld or delayed), except as may be required by applicable law or by obligations pursuant to any listing agreement with any national securities exchange or national market system to which Merger Corp., its Affiliates, the Company or its Subsidiaries is a party. The parties hereto have agreed on the text of the joint press release by which announcement of the execution of this Agreement will be made.

SECTION 5.8. Indemnification.

(a) Merger Corp. agrees that all rights to indemnification or exculpation now existing in favor of the directors, officers, employees and agents of the Company and its Subsidiaries as provided in their respective articles of incorporation or bylaws (or other governing documents) or otherwise in effect as of the date hereof with respect to matters occurring prior to the Effective Time shall survive the Merger and shall continue in full force and effect after the Effective Time. Any rights to indemnification or exculpation pursuant to this Section 5.8(a) shall not be amended, repealed or otherwise modified for a period of six (6) years from the Effective Time in a manner that would adversely affect the rights thereunder of individuals who at the Effective Time were directors, officers, employees or agents of the Company.

(b) From and after the Effective Time, the Surviving Corporation shall, to the fullest extent permitted under the IBCL, indemnify and hold harmless each present and former director and officer of the Company and its Subsidiaries and each such individual who served at the request of the Company or its

Subsidiaries as a director, officer, trustee, partner, fiduciary, employee or agent of another corporation, partnership, joint venture, trust, pension or other employee benefit plan or enterprise (collectively, the "Indemnified Parties") against all costs and expenses (including attorneys' fees), judgments, fines, losses, claims, damages, liabilities and settlement amounts paid in connection with any claim, action, suit, proceeding or investigation (whether arising before or after the Effective Time), whether civil, administrative or investigative, based on the fact that such individual is or was a director or officer of the Company or any of its Subsidiaries and arising out of or pertaining to any action or omission occurring at or before the Effective Time (including the transactions contemplated hereby). The Surviving Corporation shall be entitled to assume the defense of any such claim, action, suit, investigation or proceeding with counsel reasonably satisfactory to the Indemnified Party and the Surviving Corporation shall not be liable to any Indemnified Party for any legal expenses of separate counsel or any other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof, except that if the Surviving Corporation elects not to assume such defense or counsel or the Indemnified Party advises that there are issues that raise conflicts of interest between the Surviving Corporation and the Indemnified Party or such Indemnified Party shall have legal defenses available to it that are different from or in addition to those available to the Surviving Corporation, the Indemnified Party may retain counsel reasonably satisfactory to

the Surviving Corporation, and the Surviving Corporation shall pay all reasonable fees and expenses of such counsel for the Indemnified Party promptly as statements therefor are received; provided that the Surviving Corporation shall not be liable for the fees of more than one counsel with respect to a particular claim, action, suit, investigation or proceeding for all Indemnified Parties, other than local counsel, unless a conflict of interest shall be caused thereby; and provided further that the Surviving Corporation shall not be liable for any settlement effected without its written consent (which consent shall not be unreasonably withheld or delayed).

(c) The Surviving Corporation shall provide or maintain in effect for six (6) years from the Effective Time (the "Tail Period") directors' and officers' and corporate liability insurance covering those individuals who are covered by the directors' and officers' and corporate liability insurance policy provided for directors and officers of the Company and its Subsidiaries as of the date hereof (the "Existing Policy") on terms comparable to the Existing Policy; provided, however, that in no event shall the Surviving Corporation be required to expend in any one year an amount in excess of 300% of the annual premium currently paid by the Company for such insurance, and if the premiums of such insurance coverage exceed such amount, the Surviving Corporation shall be obligated to maintain or obtain a policy with the greatest coverage available for a cost not exceeding such amount.

(d) If the Surviving Corporation or any of its successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger,

or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, in each such case, to the extent necessary, proper provision shall be made so that the successors and assigns of the Surviving Corporation, as the case may be, shall assume the obligations of the Surviving Corporation set forth in this Section 5.8.

(e) The rights of each Indemnified Party under this Section 5.8 shall be in addition to any rights such individual may have under the articles of incorporation or bylaws (or other governing documents) of the Company or any of its Subsidiaries, under the IBCL or any other applicable laws or under any agreement of any Indemnified Party with the Company or any of its Subsidiaries. These rights shall survive consummation of the Merger and are intended to benefit, and shall be enforceable by, each Indemnified Party.

SECTION 5.9. Contributions to Merger Corp. Merger Corp. shall cause, prior to the Effective Time, the members of the Shareholder Group to sell and/or contribute the number of shares of Common Stock set forth next to such shareholder's name on Exhibit A attached hereto to Merger Corp. in exchange for a proportionate number of shares of common stock of Merger Corp. (which shares of common stock shall be issued by Merger Corp. prior to the Effective Time), all in accordance with the Shareholders Agreement. The shares of Common Stock contributed to Merger Corp. shall be canceled and retired in the Merger in accordance with Section 2.8(b).

SECTION 5.10. Withdrawal of Recommendation; Company Competing Transactions.

(a) Except as permitted by Section 5.10(b), neither the Special Committee nor the Company Board shall (i) withdraw or modify, or propose to withdraw or modify, in a manner adverse to Merger Corp., its recommendation in favor of this Agreement and the Merger, or (ii) approve or recommend, or propose publicly to approve or recommend, any Company Competing Transaction. Nothing contained in this Agreement shall prevent the Special Committee or the Company Board from complying with Rules 14d-9 and 14e-2 promulgated under the Exchange Act.

(b) In the event that, prior to the Shareholders Meeting, the Special Committee determines, in its good faith judgment, after receiving the advice of its outside legal counsel, that failing to do so would create a reasonable likelihood of breaching its fiduciary duties under applicable law, the Special Committee (and the Company Board acting on the recommendation of the Special Committee) may (subject to this Section 5.10(b) and to Section 5.10(c)) withdraw or modify its approval, adoption or recommendation in favor, of this Agreement and the Merger and, if applicable, recommend to Company shareholders a Company Competing Transaction; provided that the Special Committee gives Merger Corp.

at least twenty four (24) hours' prior written notice of its intention to do so. Any such withdrawal or modification of the recommendation shall not change the approval of the Special Committee and the Company Board for purposes of (i) the amendment to the Company Rights Agreement described in Section 3.7 or (ii)

causing any state takeover statute or other state law to be inapplicable to the transactions contemplated hereby, or, unless this Agreement is terminated pursuant to Section 5.10(d), release the Company from its obligation under Section 5.1 to present this Agreement and the Merger for the consideration of Company shareholders at the Shareholders Meeting.

(c) From and after the execution of this Agreement, the Company shall promptly advise Merger Corp., orally and in writing, of any request for information or of any proposal in connection with a Company Competing Transaction, the material terms and conditions of such request or proposal and the identity of the Person making such request or proposal. The Company shall keep Merger Corp. reasonably apprised of the status (including amendments and proposed amendments) of any proposal relating to a Company Competing Transaction on a current basis, including promptly providing to Merger Corp. copies of any written communications between the Company and any Person relating to a Company Competing Transaction.

(d) If, prior to the Shareholders Meeting, (A) the Special Committee determines in good faith, after consultation with its outside financial and legal advisors, that any bona fide written proposal from a third party for a Company Competing Transaction received after the date hereof is more favorable to the shareholders of the Company (taking into account (x) all the terms and conditions of the Company Competing Transaction and this Agreement that the Special Committee in good faith deems relevant, including any conditions to and expected timing and risks of consummation, and the ability of the party making such proposal to obtain financing for such Company Competing Transaction, and (y) all other legal, financial, regulatory and other aspects of such proposal) than the transactions contemplated by this Agreement (taking into account any amendment to the terms and conditions of this Agreement proposed in writing by Merger Corp. in response to such Company Competing Transaction) (a "Superior Transaction"), and (B) the Special Committee determines in good faith, after receiving advice of its outside legal counsel, that failing to terminate this Agreement and enter into such Superior Transaction would create a reasonable likelihood of breaching its and the Company Board's fiduciary duties under applicable law, the Special Committee and the Company Board may cause the Company to terminate this Agreement and enter into a binding acquisition agreement (an "Acquisition Agreement") with respect to such Superior Transaction; provided that, prior to any such termination, (i) the Company has provided Merger Corp. written notice that it has made the determination referred to in clause (B) above, identifying the Superior Transaction then determined to be more favorable and the parties thereto and delivering to Merger Corp. a copy of the Acquisition Agreement for such Superior Transaction in the form to be entered into, (ii) the Company has provided Merger Corp. with the opportunity, for a period of twenty four (24) hours, to propose to the Special Committee in writing amendments to the terms and conditions of this Agreement in response to such Company Competing Transaction, (iii) after taking into account any such amendments proposed by Merger Corp., the Special Committee determines in good faith, after consultation with its outside financial and legal advisors, that its determinations under clauses (A) and (B) above with respect to such Company Competing Transaction continue, (iv) the Company delivers to Merger Corp. a written notice of termination of this Agreement pursuant to this Section 5.10(d) and (v) the Company and the other party to the Superior Transaction deliver to

Merger Corp. a written acknowledgement that the Company and such other party have irrevocably waived any right to contest payment of the Merger Corp. Expenses as provided in Section 7.3.

SECTION 5.11. Resignation of Directors. Immediately prior to the Effective Time, the Company shall deliver to Merger Corp. evidence satisfactory to Merger Corp. of the resignation of all directors of the Company (other than those directors who are members of the Shareholder Group), such resignations to become effective as of the Effective Time.

SECTION 5.12. Exemption from Liability Under Section 16(b). Merger Corp. and the Company shall take all such steps as may be required or reasonably requested to cause the transactions contemplated by this Agreement and any other dispositions of Company equity securities (including derivative

securities) in connection with this Agreement by each individual who is a director, officer or ten percent (10%) shareholder of the Company to be exempt from liability under Section 16(b) of the Exchange Act pursuant to Rule 16b-3 thereunder.

SECTION 5.13. Voting by Shareholder Group. Merger Corp. and the members of the Shareholder Group will, and will cause their respective Affiliates to, vote all shares of Common Stock beneficially owned by them at the Shareholders Meeting, for and against approval of this Agreement and the Merger, in the same proportion as the votes cast by all other shareholders voting at the Shareholders Meeting for and against approval of this Agreement and the Merger (with abstentions being deemed to be votes against approval of this Agreement and the Merger for this purpose).

ARTICLE VI

CONDITIONS TO CONSUMMATION OF THE MERGER

SECTION 6.1. Conditions to the Merger.

(a) The obligation of the Company to consummate the Merger and the other transactions contemplated hereby is subject to the satisfaction or waiver (to the extent permitted by applicable law) at or prior to the Effective Time of each of the following conditions:

(i) Accuracy of Representations and Warranties. The representations and warranties made by Merger Corp. herein, disregarding all qualifications and exceptions contained herein relating to materiality or Merger Corp. Material Adverse Effect or words of similar import, shall be true and correct on the Closing Date as if made on and as of such dates (except for representations and warranties that are made as of a specified date, which shall be true and correct only as of such specified date) with only such exceptions as would not, individually or in the aggregate, have a Merger Corp. Material Adverse Effect.

(ii) Compliance with Covenants. Merger Corp. and its Affiliates shall have performed in all material respects (or with respect to any obligation or agreement qualified by materiality or Merger Corp. Material Adverse Effect, in all respects) all obligations and agreements, and complied in all material respects (or with respect to any covenant qualified by materiality or Merger Corp. Material Adverse Effect, in all respects) with all covenants, contained in this Agreement to be performed or complied with by it prior to or on the Closing Date.

(iii) Officer's Certificate. The Company shall have received a certificate of Merger Corp., dated as of the Closing Date, signed by an executive officer of Merger Corp. to evidence satisfaction of the conditions set forth in Sections 6.1(a)(i) and (ii).

(iv) Financing. The Debt Financing shall have been obtained and, to the extent required, the existing indebtedness of the Company shall be concurrently refinanced.

(b) The obligation of Merger Corp. to consummate the Merger and the other transactions contemplated hereby is subject to the satisfaction or waiver (to the extent permitted by applicable law) at or prior to the Effective Time of each of the following conditions:

(i) Accuracy of Representations and Warranties. The representations and warranties made by the Company herein, disregarding all qualifications and exceptions contained herein relating to materiality or Company Material Adverse Effect or words of similar import, shall be true and correct on the Closing Date as if made on and as of such dates (except for representations and warranties that are made as of a specified date, which shall be true and correct only as of such specified date) with only such exceptions as would not have, individually or in the aggregate, a Company Material Adverse Effect.

(ii) Compliance with Covenants. The Company shall have performed in all material respects (or with respect to any obligation or agreement qualified by materiality or Company Material Adverse Effect, in all respects) all obligations and agreements, and complied in all material respects (or with

respect to any covenant qualified by materiality or Company Material Adverse Effect, in all respects) with all covenants, contained in this Agreement to be performed or complied with by it prior to or on the Closing Date.

(iii) Officer's Certificate. Merger Corp. shall have received a certificate of the Company, dated as of the Closing Date, signed by an executive officer of the Company to evidence satisfaction of the conditions set forth in Sections 6.1(b)(i) and (ii).

(iv) No Litigation. After the date hereof, there shall not be (A) any new suit, action or proceeding by any Governmental Entity or any other Person or (B) any development in any existing suit, action or proceeding by any Governmental Entity or any other Person that in any such case is more likely than not, individually or in the aggregate, to have a Company Material Adverse Effect.

(v) Financing. The conditions to the Financing Commitment Letters substantially on the terms set forth therein (or the alternative commitment letter referred to in Section 5.6(c)).

SECTION 6.2. Conditions to Each Party's Obligations to Effect the Merger. The respective obligations of each party hereto to effect the Merger and the other transactions contemplated hereby are further subject to the satisfaction at or prior to the Effective Time of each of the following conditions, any and all of which may be waived in whole or in part by the parties hereto to the extent permitted by applicable law:

(a) Shareholder Approval. The Company Shareholder Approval shall have been validly obtained under the IBCL, this Agreement and the Company's articles of incorporation and bylaws.

(b) Statutes; Court Orders. No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated, issued or enforced by any Governmental Entity that prohibits, restrains, enjoins, precludes or restricts the consummation of the Merger.

(c) Governmental and Franchisor Approvals. All clearances or approvals required from any Governmental Entity or franchisor shall have been received in connection with the Merger, other than those clearances or approvals the failure of which to obtain would not have, individually or in the aggregate, a Company Material Adverse Effect, on terms that could not reasonably be expected to have a Company Material Adverse Effect.

ARTICLE VII

TERMINATION; AMENDMENT; WAIVER

SECTION 7.1. Termination. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time notwithstanding receipt of the Company Shareholder Approval:

(a) by mutual written consent duly authorized by the Company Board (provided such termination has been approved by the Special Committee) and the board of directors of Merger Corp.;

(b) by Merger Corp. or the Company, if (i) any Governmental Entity shall have enacted, entered, promulgated, issued or enforced a final statute, rule, regulation, executive order, decree, ruling or injunction (which statute, rule, regulation, executive order, decree, ruling or injunction the parties hereto shall use their commercially reasonable

efforts to reverse, overturn or lift) or taken any other final action restraining, enjoining or otherwise prohibiting the Merger and such order, decree, ruling or other action is or shall have become final and nonappealable, or (ii) the Effective Time shall not have occurred on or before the Outside Date; provided, however, that the right to terminate this Agreement under this clause (ii) shall not be available to any party hereto whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur on or before the Outside Date;

(c) by Merger Corp., if (i) there shall have been a material breach of any of the Company's representations, warranties or covenants, which breach (A) would give rise to the failure of a condition set forth in Section 6.1(b) or Section 6.2 and (B) is not capable of being cured prior to the Outside Date or, if curable, has not been cured within twenty (20) business days following receipt by the Company of written notice from Merger Corp. of such breach; (ii) the Special Committee or the Company Board shall withdraw, modify or change (including by amendment of the Proxy Statement) its recommendation with respect to this Agreement and the Merger in a manner adverse to Merger Corp., or shall have resolved to do any of the foregoing; or (iii) the Special Committee or the Company Board shall have recommended any proposal in respect of a Company Competing Transaction;

(d) by the Company, if there shall have been a material breach of any of Merger Corp.'s representations, warranties or covenants, which breach (i) would give rise to the failure of a condition set forth in Section 6.1(a) or Section 6.2 and (ii) is not capable of being cured prior to the Outside Date or, if curable, has not been cured within twenty (20) business days following receipt by Merger Corp. of written notice from the Company of such breach;

(e) by the Company, pursuant to and in compliance with Section 5.10(d); or

(f) by either Merger Corp. or the Company, if at the Shareholders Meeting (including any postponement or adjournment thereof), the Company Shareholder Approval shall have not been obtained other than (in the case of Merger Corp.) by reason of a failure of Merger Corp. or the members of the Shareholder Group or their Affiliates to vote their shares of Common Stock in the manner provided in Section 5.13.

SECTION 7.2. Effect of Termination. In the event of the termination and abandonment of this Agreement pursuant to Section 7.1, written notice thereof shall forthwith be given to the other party or parties in accordance with Section 8.4, specifying the provision hereof pursuant to which such termination is made, and this Agreement shall forthwith become void and have no effect, without any liability on the part of any of the Company or its Subsidiaries or its Affiliates or Merger Corp. or its Affiliates or their respective directors, officers, employees or shareholders, other than as provided in this Section 7.2

and Section 7.3; provided, however, that nothing contained in this Section 7.2 shall relieve any party from liability for any willful and material breach of this Agreement.

SECTION 7.3. Expense Reimbursement.

(a) Upon the termination of this Agreement (i) by Merger Corp. or the Company pursuant to Section 7.1(b)(ii) where the failure of the Company to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur on or before the Outside Date; (ii) by Merger Corp. pursuant to Section 7.1(c)(ii) or Section 7.1(c)(iii); (iii) by the Company pursuant to Section 7.1(e); or (iv) by Merger Corp. or the Company pursuant to Section 7.1(f), the Company shall pay to Merger Corp., by wire transfer of immediately available funds, the Merger Corp. Expenses not later than two (2) business days after submission of statements therefor, less any such expenses previously reimbursed by the Company.

(b) Except as specifically provided in this Section 7.3, all costs and expenses incurred in connection with this Agreement, the Merger and the other transactions contemplated by this Agreement shall be paid by the party incurring such expenses, regardless of whether the Merger or any other transaction contemplated by this Agreement is consummated.

SECTION 7.4. Amendment. This Agreement may be amended, supplemented or modified by action taken by or on behalf of the respective boards of directors of the parties hereto (but in the case of the Company Board, only if such amendment, supplement or modification has been approved by the Special Committee) at any time prior to the Effective Time, whether prior to or after the Company Shareholder Approval shall have been obtained, but after such approval only to the extent permitted by applicable law. No such amendment, supplement or modification shall be effective unless set forth in a written instrument duly executed by or on behalf of each party hereto.

SECTION 7.5. Waiver. At any time prior to the Effective Time any party hereto, by action taken by or on behalf of its board of directors (but in the case of the Company Board, only if such extension or waiver has been approved by the Special Committee), may to the extent permitted by applicable law (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties or compliance with the covenants or agreements of the other parties hereto contained herein or in any document delivered pursuant hereto or (c) waive compliance with any of the conditions of such party contained herein. No such extension or waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the party extending the time of performance or waiving any such inaccuracy or non-compliance. No waiver by any party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.1. Nonsurvival of Representations and Warranties. The representations and warranties made herein shall not survive beyond the Effective Time.

SECTION 8.2. Entire Agreement; Assignment. This Agreement (including the Schedules and Exhibits hereto) constitute the entire agreement between the parties hereto with respect to the subject matter hereof and supersede all other prior agreements and understandings, both written and oral, between the parties hereto with respect to the subject matter hereof. This Agreement shall not be assigned by operation of law or otherwise, except that Merger Corp. may assign any or all of its rights and obligations under this Agreement to an Affiliate of Merger Corp., but no such assignment shall relieve Merger Corp. of its obligations hereunder if such assignee does not perform such obligations.

SECTION 8.3. Severability. If any provision of this Agreement, or the application thereof to any Person or circumstance, is held invalid or unenforceable, the remainder of this Agreement, and the application of such provision to other Persons or circumstances, shall not be affected thereby, and to such end, the provisions of this Agreement shall be severable. Upon such determination that any provision is invalid or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto as closely as possible in a manner acceptable to all parties hereto.

SECTION 8.4. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing (including by facsimile with written confirmation thereof) and unless otherwise expressly provided herein, shall be delivered during normal business hours by hand, by Federal Express or other nationally recognized overnight commercial delivery service, or by facsimile notice, confirmation of receipt received, addressed as follows, or to such other address as may be hereafter notified by the respective parties hereto:

(a) If to Merger Corp.:

QDI Merger Corp.
4220 Edison Lakes Parkway
Mishawaka, Indiana 46545
Attention: Daniel B. Fitzpatrick
Facsimile: 574-243-4377

With copies, which will not constitute notice, to:

Milbank, Tweed, Hadley & McCloy LLP
One Chase Manhattan Plaza
New York, New York 10005
Attention: Robert S. Reder, Esq.

Facsimile: 212-822-5680

(b) If to the Company:

Bruce M. Jacobson, Chairman of the Special
Committee of the Board of Directors of Quality Dining, Inc.
c/o Katz, Sapper & Miller
800 E. 96th Street
Suite 500
Indianapolis, Indiana 46240
Facsimile: 317-580-2117

With copies, which will not constitute notice, to:

Sommer Barnard Attorneys, PC
One Indiana Square, Suite 3500
Indianapolis, Indiana 46204
Attention: James A. Strain, Esq.
Facsimile: 317-713-3699

SECTION 8.5. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana, without regard to the principles of conflicts of law thereof.

SECTION 8.6. Specific Performance. The parties hereto agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled, without posting a bond or similar indemnity, to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof in any federal court located in the State of Indiana or any Indiana state court, in addition to any other remedy to which they are entitled at law or in equity.

SECTION 8.7. Interpretation. When a reference is made in this Agreement to Articles, Sections, Exhibits or Schedules, such reference shall be to an Article or Section of or Exhibit or Schedule to this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 8.8. Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and its successors and permitted assigns, and except as provided in Section 5.8(e) and as otherwise explicitly provided in this Agreement, nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

SECTION 8.9. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed on its behalf as of the day and year first above written.

QDI MERGER CORP.

By: /s/ DANIEL B. FITZPATRICK

Name: Daniel B. Fitzpatrick
Title: President

QUALITY DINING, INC.

By: /s/ JOHN C. FIRTH

Name: John C. Firth
Title: Executive Vice President

The undersigned members of the Shareholder Group hereby agree to vote, or cause to be voted, all their shares of Common Stock at the Shareholders Meeting in accordance with the provisions of Section 5.13:

/s/ DANIEL B. FITZPATRICK

Name: Daniel B. Fitzpatrick

/s/ GERALD O. FITZPATRICK

Name: Gerald O. Fitzpatrick

/s/ JAMES K. FITZPATRICK

Name: James K. Fitzpatrick

/s/ EZRA H. FRIEDLANDER

Name: Ezra H. Friedlander

/s/ JOHN C. FIRTH

Name: John C. Firth

EXHIBIT A

<Table>
<Caption>

SHAREHOLDER	SHARES OF QUALITY DINING COMMON STOCK
<S>	<C>
Daniel B. Fitzpatrick	3,929,073
Gerald O. Fitzpatrick	233,746
James K. Fitzpatrick	347,445
Ezra H. Friedlander	496,031(a)
John C. Firth	174,356(b)
	5,180,651

</Table>

(a) 56,000 of these shares are held in an individual retirement account and might either be contributed to Merger Corp. or converted into the Merger Consideration at the Effective Time of the Merger.

(b) 4,500 of these shares are held in an individual retirement account and might either be contributed to Merger Corp. or converted into the Merger Consideration at the Effective Time of the Merger.

EXHIBIT NO. 3

JOINT FILING AGREEMENT

In accordance with Rule 13d-1(k) under the Securities Exchange Act of 1934, as amended, each of the undersigned agrees to the joint filing on behalf of each of them of a statement on Schedule 13D (including amendments thereto) with respect to the common stock of Quality Dining, Inc. and further agrees that this agreement be included as an exhibit to such filing. Each party to the agreement expressly authorizes each other party to file on its behalf any and all amendments to such statement. Each party to this agreement agrees that this joint filing agreement may be signed in counterparts.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed on the 3rd day of February, 2005.

/s/ Daniel B. Fitzpatrick

Daniel B. Fitzpatrick

/s/ Gerald O. Fitzpatrick

Gerald O. Fitzpatrick

/s/ James K. Fitzpatrick

James K. Fitzpatrick

/s/ Ezra H. Friedlander

Ezra H. Friedlander

/s/ John C. Firrth

John C. Firth

/s/ William Roy Schonsoheck

William Roy Schonsheck

/s/ Nanette Marie Schonsheck

Nanette Marie Schonsheck