

LONE STAR STEAKHOUSE & SALOON, INC.

CHARTER OF THE COMPENSATION/STOCK OPTION COMMITTEE

A. Purpose

The primary purposes of the Compensation Committee (the "Committee") are: (i) to assist the Board of Directors (the "Board") in discharging its responsibilities with respect to compensation of the Company's executive officers and (ii) to produce an annual report on executive compensation for inclusion in the Company's proxy statement in accordance with the applicable rules and regulations.

B. Organization

The Committee shall consist of three or more directors, each of whom shall satisfy applicable independence requirements of NASDAQ and any other regulation requirements.

The Committee members shall be elected by the Board at a meeting of the Board; members shall serve until their successors shall be duly elected and qualified. The Committee's chairperson shall be designated by the full Board or, if it does not do so, the Committee members shall elect a Chairman by vote of a majority of the full Committee.

The Committee may form and delegate authority to subcommittees when appropriate.

C. Structure and Meetings

The chairperson of the Committee will preside at each meeting of the Committee and in consultation with the other members of the Committee, shall set the frequency and length of each meeting and the agenda of items to be addressed at each meeting. The chairperson will ensure that the agenda for each meeting is circulated in advance of the meeting.

D. Duties and Responsibilities

The Committee shall have the power and authority of the Board to perform the following duties and to fulfill the following responsibilities:

1. Review and approve corporate goals relevant to the compensation of the Chief Executive Officer and evaluate the

Chief Executive Officer's performance in light of these goals and objectives;

2. Develop an annual report, which describes the Chief Executive Officer's compensation and other executive officer compensation for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations;
3. Develop guidelines and review the compensation and performance of executive officers of the Company;
4. Make recommendations to the Board with respect to incentive-compensation plans and equity-based plans, and establish criteria for the granting of options in accordance with criteria;
5. Review major organizational and staffing matters;
6. Review director compensation levels and practices, and recommend, from time to time, changes in such compensation levels and practices to the Board with equity ownership in the Company encouraged;
7. Annually review and reassess the adequacy of this charter and recommend any proposed changes to the Board for approval;
8. Perform any other activities under this charter, the Company's By-laws or governing law as the Committee or the Board deems appropriate;
9. Administer the 1992 Incentive and Nonqualified Stock Option Plan of Lone Star Steakhouse & Saloon, Inc.; and
10. Administer the Stock Option Deferred Compensation Plan.

E. Performance Evaluation

The Committee shall conduct an annual performance evaluation of the Committee itself.

F. Committee Resources

The Committee shall have the authority to obtain advice and seek assistance from internal and external legal, accounting and other advisors. The Committee shall determine the extent of funding necessary for the payment of compensation to any consultant retained to advise the Committee.

