

**LONE STAR STEAKHOUSE & SALOON, INC.
CODE OF BUSINESS CONDUCT AND ETHICS**

Adopted May 4, 2004

A. Purpose

This Code of Business Conduct and Ethics (the "Code") addresses the commitment of Lone Star Steakhouse & Saloon, Inc. (the "Company") to the honesty, integrity and ethical behavior of the Company's employees, officers and directors. These qualities are essential to the Company's reputation and success. This Code governs the actions and working relationships of the Company's employees, officers and directors with current and potential customers, licensees, fellow employees, competitors, government and self-regulatory agencies, stockholders, the public, the media, and others with whom the Company has or may have contact. Each member of management of the Company has the additional responsibility of setting an example by his or her personal performance, which should convey the Company's commitment to the highest ethical values. If you are ever unsure of the appropriate action to take, you are encouraged to take advantage of the Company's open door and informal environment and raise your concerns with appropriate management personnel.

B. Introduction

The Company and each of its employees, officers and directors must conduct their Company business affairs with the highest standards of honesty and integrity. Employees, officers and directors must also respect the rights of their fellow employees, officers, directors and third parties. Your actions must be free from discrimination, libel, slander or harassment. Misconduct cannot be excused because it was directed or requested by another. In this regard, you are required to alert the Company in the manner set forth herein whenever an illegal or unethical act is discovered or suspected. The Company will not tolerate harassment, retaliation, or any type of discrimination against an employee who reports a potential violation of this code or cooperates in an investigation of a violation of this code. Persons who violate this Code will be subject to disciplinary action, up to and including termination. Periodically, you will be required to review this Code and acknowledge in writing your understanding of and compliance with this Code.

C. Core Principles

Employees, officers and directors shall act with honesty and integrity and shall avoid actual or apparent conflicts of interest between personal and professional relationships and shall disclose to the legal department any material transaction or relationship that reasonably could be expected to give rise to such conflict.

Employees, officers and directors shall provide information that is full, fair, accurate, timely, and understandable in all reports and documents that the Company files with, or submits to, the Securities and Exchange Commission (the "SEC") as well as other public filings or communications made by the Company.

Employees, officers and directors shall endeavor to faithfully comply with all laws, rules and regulations of federal, state, and local governments and applicable private or public regulatory agencies.

Employees, officers and directors shall act in good faith, responsibly, with due care, competence, and diligence and shall not knowingly or recklessly misrepresent material facts or allow their independent judgment to be subordinated.

Employees, officers and directors shall not use confidential information acquired in the course of their work for personal advantage and shall not buy or sell the Company's securities in violation of the securities laws or the Company's insider trading and stock pre-clearance policies.

Employees, officers and directors shall act responsibly in their use of and control over the Company's assets and resources.

D. Conflict of Interest

A "conflict of interest" occurs when your private interest interferes or appears to interfere in any way with the interests of the Company. You must avoid all situations that might lead to a real or apparent material conflict between your self-interest and your duties and responsibilities as an employee, officer or director of the Company. Any position or interest, financial or otherwise, which could materially conflict with your performance as an employee, officer or director of the Company, or which affects or could reasonably be expected to affect your independence or judgment

concerning transactions between the Company, its customers, suppliers, licensees or competitors or otherwise reflects negatively on the Company would be considered a conflict of interest. In addition, you may not exploit your position or relationship with the Company for personal gain. For example, there is a likely conflict of interest if you (i) cause the Company to engage in business transactions with relatives or friends; (ii) use nonpublic, client or vendor information for personal gain by you, relatives or friends (including securities transactions based on such information); or (iii) compete, or prepare to compete, with the Company while still employed by the Company.

E. Confidentiality

Using confidential information about the Company or its businesses, employees, officers, directors, customers, licensees, consumers or suppliers for personal benefit or disclosing such information to others, including family, outside your normal duties is prohibited. All non-public information about such parties should be considered confidential. You remain under an obligation to keep all information confidential even if your employment ends.

F. Corporate Opportunities

Employees, officers and directors are prohibited from:

- Personally benefiting from opportunities that are discovered through the use of Company property, contacts, information or position. You are also prohibited from purchasing or accepting goods or services from Company vendors at prices less than the prices normally charged to the public.
- Accepting employment or engaging in a business (including consulting or similar arrangements) while employed by the Company that may conflict with the performance of your duties or the Company's interest.
- Soliciting, demanding, accepting or agreeing to accept anything of value from any person in conjunction with the performance of your employment or duties at the Company.
- Acting on behalf of the Company in any transaction in which you or your immediate family has a significant direct or indirect financial interest.

G. Gifts/Gratuities

It is generally prohibited to solicit or accept loans, gifts, gratuities, trips or any other special treatment from a person or organization that does or desires to do business with the Company.

- You must not give or accept any “gift of value” which might indicate in any manner an intent to influence normal business relationships with vendors, suppliers, customers or competitors. As a guideline, a “gift of value” is defined as a non-cash gift exceeding \$100.00 in value. A gift in excess of \$100.00 may not violate this policy only if pre-approved by the legal department as being appropriate given the overall circumstances. A gift of value may be in the form of services, valuable privileges, vacations or pleasure trips, loans (other than conventional loans from lending institutions or typical consumer debt generally available to non-Company employees), and excessive entertainment.
- Under no circumstances is a gift of cash or other form of money allowed.
- You may accept:
 - meals and entertainment where business is conducted, such as recreational sporting or theatrical events, that are of reasonable value considering the nature of the event and/or frequency of occasion; and
 - advertising or promotional materials, such as pens, note pads, calendars, paperweights, and other items of nominal value.

Any gift or gratuity must have a clear business purpose. If you are concerned about the nature of a gift or gratuity offered or requested, you should discuss the situation with the legal department.

There may be occasions where the Company solicits certain items from other persons or organizations in support of special company-sponsored events. In these circumstances, solicitations may only be made in furtherance of the event and for no other reason. All solicitations must be coordinated with the person or persons designated by senior management to be responsible for coordinating the special events.

H. Fair Dealing

No employee, officer and director may take unfair advantage of anyone, including the Company’s customers, licensee, suppliers, competitors and employees. Additionally, no one may take

advantage of another through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practices.

I. Gifts to Government Employees, Bribes and Kickbacks

Dealing with government employees is often different than dealing with private persons. Many governmental bodies strictly prohibit the receipt of any gratuities by their employees, including meals and entertainment. You must be aware of and strictly follow these prohibitions.

Any employee who pays or receives bribes or kickbacks will be immediately terminated and reported, as warranted, to the appropriate authorities. A kickback or bribe includes any item intended to improperly obtain favorable treatment.

J. Political

We encourage our employees to be involved in government relations activity. Government relations activity means participation in industry trade groups and associations, and lobbying and advocating our position on issues before elected officials and government agencies. Subject to established guidelines, the Company is allowed to reimburse employees for expenses incurred in government relations activity.

In contrast, political activity means campaigning and fund raising for candidates for election to office. Federal and many state laws restrict the use of corporate funds, assets and time in connection with political activity. No Company assets, including your work time, work time of other Company employees, use of Company premises, use of Company equipment, or monetary payments, may be contributed to any political candidate, political action committee, party or ballot measure without the prior permission of the General Counsel. You may participate in any political activities of your choice on an individual basis, with personal funds and on personal time.

K. Company Property

Employees, officers and directors must protect the Company's property and assets and ensure their efficient and proper use. Therefore, each employee, officer and director must safeguard the Company's property and assets from loss or theft and may not take

such property for personal use. The Company's property includes confidential information, software, computers, office equipment, and supplies. You must appropriately secure all of the Company's property within your control to prevent its unauthorized use or theft. You may use the Company's computers or communications systems to access or distribute personal "non-business related" information, data or graphics so long as such use (i) complies with the Company's Acceptable Use Policy, (ii) is limited to occasional use of short duration, and (iii) does not interfere with the performance of your duties.

L. Covering Up Mistakes; Falsifying Records

Mistakes should never be covered up; they should be immediately and fully disclosed to appropriate members of management. Falsification of any Company, client or third party record is prohibited.

M. Use of Company and Third Party Software

The Company's and third party software may be distributed and disclosed only to employees authorized to use it. Company and third party software may not be copied without specific authorization and may only be used to perform assigned responsibilities. All third party software must be properly licensed. The license agreements for such third party software may place various restrictions on the disclosure, use and copying of software.

N. Fair Competition

The Company must comply with all applicable fair competition and antitrust laws. These laws attempt to ensure that businesses compete fairly and honestly and prohibit conduct seeking to reduce or restrain competition.

O. Reporting Violations

Any employee, officer or director who becomes aware or suspicious of any violation of this Code is required to contact the Company's General Counsel as soon as practicable. Violations may be disclosed in writing, telephonically or in person. Contact information for the General Counsel is as follows:

Gerald T. Aaron
Senior Vice President and General Counsel
Lone Star Steakhouse & Saloon, Inc.
224 E. Douglas, Suite 700
Wichita, Kansas 67202
Phone: (316) 264-8899
Email: jaaron@steakco.com

In the event the violation concerns the General Counsel, the disclosure should be filed with the audit committee of the Board of Directors. Contact information for the audit committee chairperson is as follows:

Anthony Bergamo
Lone Star Steakhouse & Saloon, Inc.
224 E. Douglas, Suite 700
Wichita, Kansas 67202
Phone: (212) 527-8650
Email: abergamo@milfordplaza.com

The Company encourages its employees, officers and directors to talk to supervisors, managers or other appropriate personnel to report and discuss any known or suspected criminal or unethical business activity involving the Company or its employees. Reporting the activity will not subject the employee to discipline absent a knowingly false report, and the Company may not subject any person to adverse employment action who makes a good faith report pursuant to this Code.

P. Waivers

There shall be no waiver of any part of the Code except by a vote of the audit committee of the Board of Directors which will ascertain whether a waiver is appropriate and ensure that the waiver is accompanied by appropriate controls designed to protect the Company and that disclosure of the waiver (if required) is properly made. In the event that any waiver is granted, the waiver may be posted on the Company's website or disclosed in a filing with the SEC on Form 8-K.

Q. Conclusion

Each of the Company's employees, officers and directors is the guardian of the Company's ethics. Employees, officer and directors are encouraged to talk to supervisors, managers or other appropriate personnel when in doubt about the best and ethical

course of action in a particular situation. While there are no universal rules, when in doubt ask yourself:

- **Will my actions be ethical in every respect and fully comply with the law and with the Company's policies?**
- **Will my actions have the appearance of impropriety?**
- **Will my actions be questioned by my supervisors, associates, clients, family or the general public?**
- **Am I trying to fool anyone, including myself, as to the propriety of my actions?**

If you are uncomfortable with your answer to any of the above, you should not take the contemplated actions without first discussing them with appropriate management. Known or suspected violations of this Code will be investigated and may result in disciplinary action up to and including immediate termination of employment.

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