



The LJS Franchisee Association has negotiated a revision to the LJS reimage program in order to allow franchisee who qualify addition time within which to reimage/remodel their units and still obtain a royalty reduction. The Summary below outlines the original and the revised program. It is important to note that the best result is obtained by reimage/remodel by July 1, 2006, and the November 5, 2007 date will not be extended by LJS.

SUMMARY OF TERMS OF REVISED LONG JOHN SILVER'S, INC. FRANCHISE SYSTEM REIMAGE PROGRAM

LJS's ORIGINAL REIMAGE/ ROYALTY INCENTIVE OFFER TO FRANCHISEES

LJS franchisees who remodel their LJS restaurants or convert them to co-branded LJS/A&W units prior to July 1, 2006 would be given the opportunity to sign a new LJS franchise agreement providing for a 4% royalty rate for an initial 20-year term and all option terms.

This incentive was made available only to LJS franchisees operating LJS restaurants as of September 10, 1999.

This incentive related solely to the LJS restaurants being operated by eligible franchisees as of September 10, 1999. This incentive did not apply to units acquired or opened after that date.

LJS MANDATORY REIMAGE DATE – NOVEMBER 5, 2007

Under the standard form LJS Franchise Agreement, the franchisee must remodel its LJS restaurant: (1) as a prerequisite to renewal; and (2) at LJS's request, but no more often than every five (5) years.

LJS has notified franchisees that it requires them to remodel their units by November 5, 2007 or the renewal date of their franchise agreement, whichever occurs first, but in no event earlier than July 1, 2006.

REVISED LJS REIMAGE/ROYALTY INCENTIVE OFFER

ALL FRANCHISEES WHO COMPLETE REIMAGING OF THEIR LJS UNITS PRIOR TO JULY 1, 2006, WILL BE OFFERED A 4% ROYALTY RATE FOR THE INITIAL 20-YEAR TERM AND ALL OPTION TERMS, AND THE NOVEMBER 5, 2007 MANDATORY REIMAGE DEADLINE WILL NOT CHANGE. LJS now will offer to those franchisees who were eligible under the prior incentive program and who reimage their LJS restaurants or convert them to co-branded LJS/A&W units subsequent to July 1, 2006, but prior to November 7, 2005 the opportunity to sign a new LJS franchise agreement providing for a 4% royalty rate, SO LONG AS EACH OF THE FOLLOWING CONDITIONS ARE MET:

All franchisees must submit to a reimaging schedule for each restaurant that is to be approved by LJS and that calls for the completion of all reimaging work prior to November 5, 2007.

Each franchisee, to be eligible, must be current in all monetary obligations to LJS and its affiliates at all times throughout the duration of the program.

Each franchisee must implement LJS's "CHAMPS" and "Every Second Counts" programs and complete Yum Brands, Inc.'s Operations College on a schedule that is approved by LJS.

Each franchisee must pay to LJS an additional sum (in addition to the advertising contributions due under its franchise agreement) equal to one percent (1%) of LJS gross sales generated by each of its LJS units that is not reimaged by July 1, 2006. This additional payment must be made for and during the period July 1, 2006 through December 31, 2010. LJS shall use the additional one percent (1%) payment for marketing or advertising initiatives.

For each LJS unit that is not reimaged by July 1, 2006, but that is reimaged by November 5, 2007, LJS will offer the franchisee a new franchise agreement for each such unit that provides for a 4% royalty rate for only the first 10 years of the 20 year initial term.