

The Depository Trust Company

IMPORTANT

B#: 2407

DATE: September 10, 2001

TO: All Participants

CATEGORY: Dividends

FROM: Nilesh Desai, Supervisor, Dividend Department

ATTENTION: Dividend Managers, Cashiers & Reorganization Managers

SUBJECT: Rights: Family Steak Houses of Florida, Inc. R/D: 8/10/01
Common CUSIP#: 307059204 Rights Contra-CUSIP#: 307059980
Expires: 10/01/01 (5:00 p.m. Eastern Time)
Rate: one right for every 2 Common shares held

***** WARNING TIME CRITICAL *****

Family Steak Houses of Florida, Inc. (the "Company") is distributing non-transferable subscription rights (each, a "Right") to shareholders who owned shares of common stock ("Common Stock") on August 10, 2001 (the "Record Date"). Each shareholder will receive one Right for every two (2) shares of Common Stock held on the Record Date.

Fractional Rights will not be issued. The number of Rights distributed to each holder (including beneficial owners) will be rounded up to the next whole number.

DTC credited Rights and an additional Right if applicable, due to the round up to the next whole number, to participants' account on 9/07/01.

Participants may instruct DTC as to the aggregate number of additional round up Rights they require on behalf of their beneficial holders. Participants must provide written representation on their firm's letterhead, have authorized by appropriate personnel, and indicate a contact name and telephone number who can be reached if necessary. Participants should include their participant number.

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The round up instruction must be received by DTC no later than 10:00 a.m. New York City time on 9/20/01.

Participants must "Fax" the round up instruction (via telephone facsimile) to attention Ray Lew at DTC using only this phone number (212) 855-4545 and call (212) 855-4523 for confirmation of receipt of the round up instruction.

All round up requests received by DTC will be summarized and forwarded to the Company.

DTC anticipates crediting Rights, issued pursuant to round up request, to participants on the day the round up instruction is received.

THE DIVIDEND POSITION AND ALLOCATION HISTORY (DPAL) OPTION, ACCESSED VIA THE PTS DIVIDEND ANNOUNCEMENTS INQUIRY (DIVA) FUNCTION, SHOULD BE USED TO CONFIRM YOUR RECORD DATE POSITION HISTORY AND PAYMENT INFORMATION.

IT IS IMPORTANT THAT PARTICIPANTS REFER TO THE DTC REORGANIZATION INQUIRY FOR PARTICIPANTS (RIPS CODE 59) FOR INFORMATION REGARDING THE SUBSCRIPTION PRIVILEGE WHICH WILL BE AVAILABLE SHORTLY.

If participants have any questions concerning this Important Notice, please contact Mr. Ray Lew or Mr. John McCarthy of DTC's Stock Dividend Department at (212) 855-4523/4521.

If participants have any questions concerning the Subscription Rights Offering, they may contact the Subscription Agent, Family Steak Houses of Florida, Inc. at (904) 249-4197.