

OUTBACK STEAKHOUSE INC  
Form 11-K  
June 29, 2005

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 11-K**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended **December 31, 2004**

OR

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission File No. 1-15935**

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**Outback Steakhouse, Inc.  
Salaried Employees 401(k) Plan and Trust**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**Outback Steakhouse, Inc.  
2202 North West Shore Boulevard, Suite 500, Tampa, Florida 33607**



**Outback Steakhouse, Inc.**  
**Salaried Employees 401(k) Plan and Trust**  
**Report on Audits of Financial Statements**  
**December 31, 2004 and 2003**

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**Outback Steakhouse, Inc. Salaried Employees 401(k) Plan and Trust  
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December 31, 2004 and 2003**

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Note: Other schedules required by Sections 2520.103-10 of the Department of Labor Rules and Regulations for reporting and disclosure under ERISA have been omitted because they are not applicable.

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**Report of Independent Registered Certified Public Accounting Firm**

To the Participants and Administrator of  
the Outback Steakhouse, Inc. Salaried Employees 401(k) Plan and Trust

In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of Outback Steakhouse, Inc. Salaried Employees 401(k) Plan and Trust (the "Plan") at December 31, 2004 and 2003, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP

Tampa, Florida  
June 23, 2005

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**Outback Steakhouse, Inc. Salaried Employees 401(k) Plan and Trust**  
**Statements of Net Assets Available for Benefits**  
**December 31, 2004 and 2003**

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	<b>2004</b>		<b>2003</b>
<b>ASSETS</b>			
Investments, at fair value	\$ 48,924,668	\$	39,902,514
Receivables			
Participant contributions	-		120,659
Employer contributions	1,350,000		1,026,638
Accrued interest and other receivables	10,731		13,394
Total receivables	1,360,731		1,160,691
Net assets available for benefits	\$ 50,285,399	\$	41,063,205

The accompanying notes are an integral part of these financial statements.

**Outback Steakhouse, Inc. Salaried Employees 401(k) Plan and Trust**  
**Statements of Changes in Net Assets Available for Benefits**  
**For the Years Ended December 31, 2004 and 2003**

	2004	2003
Additions to net assets attributed to		
Investment income		
Net appreciation in fair value of investments	\$ 2,673,704	\$ 6,668,669
Interest and dividend income	1,099,060	652,260
	3,772,764	7,320,929
Contributions		
Participant	6,648,192	5,776,241
Participant rollovers	267,804	349,866
Employer	1,350,000	1,035,926
	8,265,996	7,162,033
Total additions	12,038,760	14,482,962
Deductions from net assets attributed to		
Benefits paid to participants	2,679,289	2,346,272
Administrative expenses	137,277	115,521
Total deductions	2,816,566	2,461,793
Net increase in net assets	9,222,194	12,021,169
Net assets available for benefits		
Beginning of year	41,063,205	29,042,036
End of year	\$ 50,285,399	\$ 41,063,205

The accompanying notes are an integral part of these financial statements.

**Outback Steakhouse, Inc. Salaried Employees 401(k) Plan and Trust**  
**Notes to Financial Statements**  
**December 31, 2004 and 2003**

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**1. Description of the Plan**

The following description of the Outback Steakhouse, Inc. Salaried Employees 401(k) Plan and Trust (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

**General**

The Plan is a defined contribution plan established as of January 1, 1994 by Outback Steakhouse, Inc. and its wholly-owned subsidiaries (the "Company"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). Assets of the Plan are held and invested according to participant direction by the Merrill Lynch Trust Company, FSB (the "Trustee").

**Eligibility**

Substantially all of the Company's salaried employees, except union and leased employees, who have reached the age of 18, are eligible to participate in the Plan, as defined by the Plan.

**Contributions**

Each year, participants may contribute from 1% to 20% of their pre-tax annual compensation and may change this contribution percentage prior to any pay period interval throughout the Plan year. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Contributions of non-periodic deferrals, such as bonuses, may also be made, subject to limitations of the Plan. Participants direct their contributions into various investment options offered by the Plan. Total participant contributions are subject to limitations imposed by the Internal Revenue Code.

Additional amounts may be contributed by the Company at the discretion of the Company's Board of Directors in the form of a matching or profit-sharing contribution. Employer matching contributions are allocated in the ratio of a participant's total elective deferrals for the Plan year to the total elective deferrals of all participants for the Plan year. The profit-sharing contribution is allocated to participants employed by the Company on the last day of the Plan year based on the ratio of a participant's compensation for the Plan year to the compensation of all participants for the Plan year.

The Company declared a profit-sharing contribution of approximately \$1,686,000 and \$1,269,000 for 2004 and 2003, respectively. The Company used available plan forfeitures of approximately \$336,000 and \$242,000 to offset the contributions for 2004 and 2003, respectively.

**Participant Accounts**

Each participant's account is credited with the participant's contributions, a prorata share of the Plan's earnings, and any employer contributions. Plan earnings are allocated based upon the participant's account balance. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.



**Outback Steakhouse, Inc. Salaried Employees 401(k) Plan and Trust**  
**Notes to Financial Statements**  
**December 31, 2004 and 2003**

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**Vesting**

Participants are immediately vested in their contributions, including rollovers, plus actual earnings thereon. Vesting in the Company's discretionary contributions, plus actual earnings thereon, is based on years of credited service. Upon completion of five years of service, participants become 100% vested in employer contributions.

**Investment Options**

At the time of enrollment in the Plan, a participant may direct his or her contributions, in 1% increments, in any of the nine core investment options, which includes mutual funds, a common collective trust fund and the Company's common stock. Once enrolled, a participant may direct his or her investment options to include any of the additional twelve non-core investment options.

**Participant Loans**

Loans are available to active participants who maintain an account balance under the Plan, provided that the minimum loan amount is \$1,000 with a maximum of \$50,000 or 50% of the participant's vested account balance. Such loans are collateralized by each respective participant's account with interest and principal payments being credited to the participant's account according to the then current investment choices. All loans are subject to repayment via payroll deductions over a maximum period of five years, except for the purchase of a primary residence, for which the period is 15 years. The interest for loans is determined as of the first day of each calendar quarter at an interest rate commensurate with local prevailing rates as determined by the Trustee.

**Payment of Benefits**

Upon termination of service due to death, disability or retirement, a participant may elect to receive a lump sum cash payment. In addition, under very limited circumstances, a participant may receive a financial hardship distribution, in accordance with the Plan agreement.

**Forfeited Accounts**

Forfeitures are used to pay plan expenses and reduce the Company's profit sharing and/or matching contribution for the Plan year in which the forfeiture occurs. As of December 31, 2004 and 2003, there were approximately \$103,000 and \$258,000 in forfeitures available, respectively.

**Outback Steakhouse, Inc. Salaried Employees 401(k) Plan and Trust**  
**Notes to Financial Statements**  
**December 31, 2004 and 2003**

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**2. Summary of Significant Accounting Policies**

**Basis of Accounting**

The financial statements of the Plan are prepared under the accrual method of accounting, except for benefit payments, which are recorded when paid.

**Investment Valuation and Income Recognition**

The Plan's investments are stated at fair value. Quoted market prices are used to value investments. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year end. Participant loans are valued at cost, which approximates fair value.

Net realized and unrealized appreciation (depreciation) is recorded in the accompanying statements of changes in net assets available for benefits as net appreciation (depreciation) in fair value of investments.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

**Administrative Expenses**

The Company provides certain administrative and accounting services to the Plan at no cost and also pays certain other administrative expenses on behalf of the Plan.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for plan benefits and changes therein. Actual results could differ from those estimates.

**Risks and Uncertainties**

The Plan provides for various investment options which, in turn, invest in any combination of stocks, mutual funds and other investment securities. Generally, all investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term could materially affect participant's account balances, and the amounts reported in the Statements of Net Assets Available for Benefits and the Statements of Changes in Net Assets Available for Benefits.

**Outback Steakhouse, Inc. Salaried Employees 401(k) Plan and Trust**  
**Notes to Financial Statements**  
**December 31, 2004 and 2003**

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### 3. Investments

The following table presents the fair value of investments at December 31, 2004 and 2003. Investments that represent 5% or more of the Plan's net assets are separately stated.

	<b>2004</b>	<b>2003</b>
Investments, at fair value as determined by quoted market prices		
Mutual funds	\$ 28,086,546	\$ 21,100,529
Outback Steakhouse, Inc. common stock	11,879,705	12,110,678
Common/collective trust	5,174,133	3,520,322
Participant loans	3,784,284	3,170,985
Total investments	\$ 48,924,668	\$ 39,902,514

During 2004 and 2003, the Plan's investments, including gains and losses on investments bought and sold, as well as held during the year, appreciated in value, as follows:

	<b>2004</b>	<b>2003</b>
Mutual funds	\$ 2,328,739	\$ 4,019,034
Outback Steakhouse, Inc. common stock	344,965	2,649,635
	\$ 2,673,704	\$ 6,668,669

The following individual investments represent 5% or more of the net assets available for plan benefits at December 31, 2004 and 2003:

	<b>2004</b>	<b>2003</b>
Outback Steakhouse, Inc. common stock	\$ 11,879,705	\$ 12,110,678
Merrill Lynch S&P 500 Index Fund Class I	7,318,841	6,349,275
Merrill Lynch Retirement Preservation Trust	5,174,133	3,520,322
Thornburg International Value Fund Class A	4,885,712	3,309,120
Participant Loans	3,784,284	3,170,985
State Street Research Mid Cap Value Fund Class A	2,660,106	1,786,280*
PIMCO Total Return Fund Class A	2,559,635	1,816,866*
Merrill Lynch Balanced Capital Fund Class A	2,257,528*	2,243,814

\* Investment balance did not exceed 5% of the net assets available for plan benefits in this year.

**Outback Steakhouse, Inc. Salaried Employees 401(k) Plan and Trust**  
**Notes to Financial Statements**  
**December 31, 2004 and 2003**

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**4. Party-in-Interest Transactions**

Certain plan investments include shares of Company stock, participant loans and mutual funds that are managed by the Trustee and, therefore, these transactions qualify as party-in-interest transactions. Fees paid during the year for services rendered by parties-in-interest were based on customary rates for such services.

**5. Plan Termination**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue employer contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

**6. Tax Status**

The Internal Revenue Service has determined, and informed the Company by a letter dated September 27, 1995, that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (the "IRC"). The Plan has been amended since receiving the original determination letter and the Company received a new letter dated December 11, 2003. Therefore, no provision for income taxes has been included in the Plan's financial statements.

In June 2004, the Plan became aware that operation of the Plan's salary deferral feature might not meet certain IRC coverage requirements. The Plan does not believe its resolution of this issue had a material impact on the Plan's status or financial statements.

**7. Concentrations of Credit Risk**

Financial instruments which potentially subject the Plan to concentrations of credit risk consist of the Plan's investments. Approximately 24 and 29 percent of the net assets available for benefits were held in Company stock at December 31, 2004 and 2003, respectively. These assets are exposed to market risk from changes in asset valuations.

**Outback Steakhouse, Inc. Salaried Employees 401(k) Plan and Trust**  
**Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year)**  
**December 31, 2004**

## Schedule I

Identity of issue, borrower, lessor, or similar party	Description of investment	Current value
Outback Steakhouse, Inc.*	Common Stock	\$ 11,879,705
Merrill Lynch Retirement Preservation Trust*	Common/Collective Trust	5,174,133
AIM International Growth Fund Class A	Mutual Fund	3,443
AIM Small Cap Growth Fund Class A	Mutual Fund	648,436
American Growth Fund of America R3	Mutual Fund	1,131,116
Davis New York Venture Fund Class A	Mutual Fund	764,723
Evergreen Growth & Income Fund Class A	Mutual Fund	136,769
Fidelity Advanced Equity Growth Fund	Mutual Fund	799,776
Merrill Lynch Balanced Capital Fund Class A*	Mutual Fund	2,257,528
Merrill Lynch Basic Value Fund Class A*	Mutual Fund	94,182
Merrill Lynch Fundamental Growth Fund Class A*	Mutual Fund	587,112
Merrill Lynch S&P 500 Index Fund Class I*	Mutual Fund	7,318,841
Merrill Lynch Value Opportunities Class A*	Mutual Fund	843,291
MFS Core Growth Fund Class A	Mutual Fund	76
Openheimer Quest International Value Fund Class A	Mutual Fund	217,955
Openheimer Strategic Income Fund Class A	Mutual Fund	196,852
PIMCO Mid Cap Growth Fund Class A	Mutual Fund	638,921
PIMCO Small Cap Value Fund Class A	Mutual Fund	767,405
PIMCO Total Return Fund Class A	Mutual Fund	2,559,635
State Street Research Mid Cap Value Fund Class A	Mutual Fund	2,660,106
State Street Research Government Income Fund	Mutual Fund	209,151
Thornburg International Value Fund Class A	Mutual Fund	4,885,712
Van Kampen Equity & Income Fund Class A	Mutual Fund	330,280
Van Kampen Growth & Income Fund Class A	Mutual Fund	731,771
Van Kampen Growth & Income Fund Class B	Mutual Fund	303,465
Total Mutual Funds		28,086,546
Participant Loans*	Fully amortized with various maturity dates and interest rates ranging from 4.00% to 9.50%	3,784,284
Total		\$ 48,924,668

\* Items represent party-in-interest

See accompanying Report of Independent Registered Certified Public Accounting Firm.



**SIGNATURE**

*The Plan.* Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Outback Steakhouse, Inc. Salaried Employees  
401(k) Plan and Trust

Date: June 29, 2005

By: /s/ Joseph J. Kadow  
Joseph J. Kadow  
Executive Vice President

**Exhibit**

23.1 Consent of Independent Registered Certified Public Accounting Firm