

OUTBACK STEAKHOUSE INC
Form 11-K
June 29, 2004

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 11-K

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

For the fiscal year ended December 31, 2003

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, 5th Floor, Tampa, Florida 33607

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

Report on Audits of Financial Statements
December 31, 2003 and 2002

**Outback Steakhouse, Inc. Salaried Employees 401(k) Plan and Trust
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December 31, 2003 and 2002**

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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 the Outback Steakhouse, Inc. Salaried Employees 401(k) Plan and Trust (the "Plan") at December 31, 2003 and 2002, 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 16, 2004

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

Statements of Net Assets Available for Benefits

December 31, 2003 and 2002

	2003	2002
Assets		
Investments, at fair value	\$ 39,902,514	\$ 27,738,337
	<hr/>	<hr/>
Receivables		
Participant contributions	120,659	223,967
Employer contributions	1,026,638	1,069,423
Accrued interest and other receivables	13,394	10,309
	<hr/>	<hr/>
Total receivables	1,160,691	1,303,699
	<hr/>	<hr/>
Net assets available for benefits	\$ 41,063,205	\$ 29,042,036
	<hr/>	<hr/>

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, 2003 and 2002

	2003	2002
Additions to net assets attributed to		
Investment income		
Net appreciation in fair value of investments	\$ 6,668,669	\$ -
Interest and dividend income	652,260	568,973
	<hr/>	<hr/>
	7,320,929	568,973
	<hr/>	<hr/>
Contributions		
Participant	5,776,241	5,386,530
Participant rollovers	349,866	212,359
Employer	1,035,926	1,174,496
	<hr/>	<hr/>
	7,162,033	6,773,385
	<hr/>	<hr/>
Total additions	14,482,962	7,342,358
	<hr/>	<hr/>
Deductions from net assets attributed to		
Net depreciation in fair value of investments	-	2,997,009
Benefits paid to participants	2,346,272	2,215,775
Administrative expenses	115,521	99,503
	<hr/>	<hr/>
Total deductions	2,461,793	5,312,287
	<hr/>	<hr/>
Net increase	12,021,169	2,030,071
Net assets available for benefits		
Beginning of year	29,042,036	27,011,965
	<hr/>	<hr/>
End of year	\$ 41,063,205	\$ 29,042,036
	<hr/>	<hr/>

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, 2003 and 2002

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 Trustee 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 \$1,269,000 and \$1,069,000 for 2003 and 2002, respectively. The Company will use available plan forfeitures of approximately \$242,000 to offset the contribution for 2003.

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, 2003 and 2002

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

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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 stock. Once enrolled, a participant may direct his or her investment options to include any of the additional seventeen 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 or installment payments payable in cash or in kind over a period not to exceed the participant's expected future lifetime or the joint expected future lifetime of the participant and spouse. In addition, under very limited circumstances, a participant may receive a financial hardship distribution, in accordance with the Plan agreement. A maximum of four such withdrawals are permitted annually.

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, 2003 and 2002, there were approximately \$258,000 and \$178,000 in forfeitures available, respectively.

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.

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

Notes to Financial Statements

December 31, 2003 and 2002

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

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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.

3. Investments

The following table presents the fair value of investments at December 31, 2003 and 2002. Investments that represent 5% or more of the Plan's net assets are separately stated.

	2003	2002
Investments, at fair value as determined by quoted market prices		
Mutual funds	\$ 21,100,529	\$ 13,477,497
Outback Steakhouse, Inc. common stock	12,110,678	8,817,764
Common/collective trust	3,520,322	2,874,630
Participant loans	3,170,985	2,568,446
	<hr/>	<hr/>
Total investments	\$ 39,902,514	\$ 27,738,337
	<hr/>	<hr/>

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

Notes to Financial Statements

December 31, 2003 and 2002

During 2003 and 2002, the Plan's investments, including gains and losses on investments bought and sold, as well as held during the year, appreciated (depreciated) in value, as follows:

	2003	2002
Mutual funds	\$ 4,019,034	\$ (2,991,912)
Outback Steakhouse, Inc. common stock	2,649,635	(5,097)
	<hr/>	<hr/>
	\$ 6,668,669	\$ (2,997,009)
	<hr/>	<hr/>

The following individual investments represent 5% or more of the net assets available for plan benefits at December 31, 2003 and 2002:

	2003	2002
Outback Steakhouse, Inc. common stock	\$ 12,110,678	\$ 8,817,764

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Merrill Lynch Retirement Preservation Trust	3,520,322	2,874,360
Merrill Lynch Balanced Capital Fund Class A	2,243,814	1,680,327
Merrill Lynch S&P 500 Index Fund Class I	6,349,275	4,318,472
Thornburg International Value Fund Class A	3,309,120	2,038,149
Participant Loans	3,170,985	2,568,446

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.

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

**Notes to Financial Statements
December 31, 2003 and 2002**

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 17, 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 that any potential resolution of this issue will have 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 29 and 30 percent of the net assets available for benefits were held in Company stock at December 31, 2003 and 2002, 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 4i -- Schedule of Assets (Held at End of Year)

December 31, 2003

Schedule I

Identity of issue, borrower, lessor, or similar party	Description of investment	Current value
* Outback Steakhouse, Inc.	Common Stock	\$ 12,110,678

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* Merrill Lynch Retirement Preservation Trust	Common/Collective Trust	3,520,322
AIM International Growth Fund Class A	Mutual Fund	318
AIM Small Cap Growth Fund Class A	Mutual Fund	490,325
Davis New York Venture Fund Class A	Mutual Fund	323,307
Evergreen Growth & Income Fund Class A	Mutual Fund	72,692
Fidelity Advanced Equity Growth Fund	Mutual Fund	709,371
GAM Global Fund Class A	Mutual Fund	32,599
GAM American Focus Fund Class A	Mutual Fund	20,768
Massachusetts Investors Trust Class A	Mutual Fund	141,352
* Merrill Lynch Balanced Capital Fund Class A	Mutual Fund	2,243,814
* Merrill Lynch Basic Value Fund Class A	Mutual Fund	60,512
* Merrill Lynch Fundamental Growth Fund Class A	Mutual Fund	545,648
* Merrill Lynch S&P 500 Index Fund Class I	Mutual Fund	6,349,275
* Merrill Lynch Small Cap Value Fund Class A	Mutual Fund	583,408
MFS Core Growth Fund Class A	Mutual Fund	677,841
Oppenheimer Quest Int Value Fund Class A	Mutual Fund	160,646
Oppenheimer Strategic Income Fund Class A	Mutual Fund	92,626
PIMCO Mid Cap Growth Fund Class A	Mutual Fund	457,528
PIMCO Small Cap Value Fund Class A	Mutual Fund	509,838
PIMCO Total Return Fund Class A	Mutual Fund	1,816,866
State Street Research Mid Cap Value Fund Class A	Mutual Fund	1,786,280
State Street Research Government Income Fund	Mutual Fund	194,215
Thornburg International Value Fund Class A	Mutual Fund	3,309,120
Van Kampen Growth & Income Fund Class A	Mutual Fund	319,931
Van Kampen Growth & Income Fund Class B	Mutual Fund	202,249
		<hr/>
Total Mutual Funds		21,100,529
		<hr/>
* Participant Loans	Fully amortized with various maturity dates and interest rates ranging from 4.00% to 10.50%	3,170,985
		<hr/>
Total		\$ 39,902,514
		<hr/>

* Items represent party-in-interest

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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, 2004

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By: /s/ Robert S. Merritt
Robert S. Merritt
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit

23.1 Consent of Independent Registered Certified Public Accounting Firm