FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

LONE STAR STEAKHOUSE & SALOON INC

CIK:**883670**| IRS No.: **481109495** | State of Incorp.:**DE** | Fiscal Year End: **1231**
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WICHITA KS 67202
3162648899

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

For quarter ended	Commission file number
MARCH 22, 2005	0-19907

LONE STAR STEAKHOUSE & SALOON, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	48-1109495
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

224 EAST DOUGLAS, SUITE 700
WICHITA, KANSAS 67202
(Address of principal executive offices) (Zip code)

(316) 264-8899
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all documents and reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

/X/ YES / / NO

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act.)

/X/ YES / / NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 23, 2005
COMMON STOCK, $.01 PAR VALUE	20,519,094 SHARES

LONE STAR STEAKHOUSE & SALOON, INC.

INDEX

LONE STAR STEAKHOUSE & SALOON, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)
(UNAUDITED)

	March 22, 2005	December 28, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 27,568	$ 38,515
Short-term investments	53,770	33,500
	81,338	72,015
Inventories	11,989	12,765
Prepaid insurance deposits	14,250	14,537
Other current assets	13,609	13,757
Total current assets	121,186	113,074
Property and equipment	546,960	539,087
Less accumulated depreciation and amortization	(222,845)	(217,837)
	324,115	321,250
Other assets:		
Deferred income taxes	25,239	24,434
Intangible and other assets, net	39,877	39,534
Total assets	$ 510,417	$ 498,292
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 17,549	$ 13,845
Accrued self insurance	16,618	15,094
Other current liabilities	42,575	44,813
Total current liabilities	76,742	73,752

Long term liabilities, principally defered compensation obligations	22,322	21,263
Deferred rent obligations	10,706	10,496
Total liabilities	109,770	105,511
Stockholders' equity:		
Preferred stock	--	--
Common stock	205	205
Additional paid-in capital	140,108	139,570
Retained earnings	263,997	256,669
Common stock held by Trust	(3,663)	(3,663)
Total stockholders' equity	400,647	392,781
Total liabilities and stockholders' equity	$ 510,417	$ 498,292

See accompanying notes.

LONE STAR STEAKHOUSE & SALOON, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT FOR PER SHARE AMOUNTS)
(UNAUDITED)

	For the twelve weeks ended	
	March 22, 2005	March 23, 2004
		As Restated
Net sales	$ 165,353	$ 160,596
Costs and expenses:		
Costs of sales	56,085	55,953
Restaurant operating expenses	76,412	72,984
Depreciation and amortization	4,396	4,622
Restaurant costs and expenses	136,893	133,559
General and administrative expenses	11,453	10,295
Non-cash stock compensation expense	692	910
Income from operations	16,315	15,832
Other income, net	146	447
Income from continuing operations before income taxes	16,461	16,279
Provision for income taxes	5,472	5,343
Income from continuing operations	10,989	10,936
Discontinued operations:		
Income (loss) from operations before income tax	(78)	51
Income tax provision (benefit)	2	(15)
Income (loss) from discontinued operations	(80)	66
Net income	$ 10,909	$ 11,002
Basic earnings per share:		
Continuing operations	$ 0.54	$ 0.52
Discontinued operations	--	--
Basic earnings per share	$ 0.54	$ 0.52
Diluted earnings per share:		
Continuing operatons	$ 0.49	$ 0.46
Discontinued operations	--	--
Diluted earnings per share	$ 0.49	$ 0.46

Dividends per share	$ 0.175	$ 0.175
	=========	=========

See accompanying notes.

LONE STAR STEAKHOUSE & SALOON, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

	For the twelve weeks ended	
	March 22, 2005	March 23, 2004
Cash flows from operating activities:		As Restated
Net income	$ 10,909	$ 11,002
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,051	5,262
Non-cash stock compensation expense	692	910
Loss (gain) on sale of assets	95	(63)
Deferred income taxes	(991)	(2,050)
(Income) loss from discontinued operations	80	(66)
Net change in operating assets and liabilities:		
Change in operating assets	1,397	4,041
Change in operating liabilities	3,320	5,296
Net cash provided by operating activities of continuing operations	20,553	24,332
Cash flows from investing activities:		
Acquisition of TX.C.C. Inc., net of cash acquired	--	(12,505)
Purchases of short-term investments	(20,270)	--
Purchases of property and equipment	(7,885)	(3,804)
Proceeds from sale of assets	113	69
Other	173	778
Net cash used in investing activities of continuing operations	(27,869)	(15,462)
Cash flows from financing activities:		
Net proceeds from issuance of common stock	30	672
Cash dividends	(3,581)	(3,688)
Net cash used in financing activities of continuing operations	(3,551)	(3,016)
Net cash provided by (used in) discontinued operations	(80)	837
Net increase (decrease) in cash and cash equivalents	(10,947)	6,691
Cash and cash equivalents at beginning of period	38,515	96,230
Cash and cash equivalents at end of period	$ 27,568	$ 102,921
	=========	=========
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ 1,437	$ 900
	=========	=========
Non cash investing activities:		
Issuance of common stock in connection with acquisition	$ --	$ 1,542
	=========	=========

See accompanying notes.

LONE STAR STEAKHOUSE & SALOON, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management all adjustments, consisting of normal, recurring accruals, which Lone Star Steakhouse & Saloon, Inc. (the "Company") considers necessary for a fair presentation of the financial position and the results of operations for the periods presented have been included. The results for the twelve weeks ended March 22, 2005 are not necessarily indicative of the results to be expected for the full year ending December 27, 2005. This quarterly report on Form 10-Q should be read in conjunction with the Company's audited consolidated financial statements in its annual report on Form 10-K for the year ended December 28, 2004.

Certain amounts for the prior year have been reclassified to conform with the current year's presentation.

2. RESTATEMENT OF PRIOR FINANCIAL INFORMATION

In December 2004, the Company commenced a review of its lease accounting and leasehold depreciation policies. As a result of that review, the Company determined it appropriate to restate its prior financial statements. The information for the twelve weeks ended March 23, 2004, has been restated to reflect depreciation for certain leasehold improvements and to recognize rent expense on a straight line basis over the expected lease term, including renewal option periods where failure to exercise such options would result in an economic penalty. See Note 1 to the Consolidated Financial Statements in the Company's 2004 Form 10-K for further discussion.

3. EARNINGS PER SHARE

Basic earnings per share amounts are computed based on the weighted average number of shares outstanding during the periods. For purposes of diluted computations, average shares outstanding have been adjusted to reflect (1) the number of shares that would be issued from the exercise of stock options, reduced by the number of shares which could have been purchased from the proceeds at the average market price of the Company's stock or price of the Company's stock on the exercise date if options were exercised during the period presented and (2) the number of shares that may be issuable to effect the settlement of certain deferred compensation liabilities pursuant to the Company's Stock Option Deferred Compensation Plan. The effect of shares issuable to settle the deferred compensation liabilities has not been included for any periods as their effect would have been antidilutive.

The weighted average shares outstanding for the periods presented are as follows (in thousands):

	For the twelve weeks ended	
	March 22, 2005	March 23, 2004
Basic average shares outstanding	20,296	20,955
Diluted average shares outstanding	22,211	23,682

4. TERM REVOLVER

The Company has a credit facility pursuant to an unsecured revolving credit agreement with a group of banks led by SunTrust Bank. The credit facility allows the Company to borrow up to $30,000 with an accordian feature permitting for an increase in the credit facility in an amount up to $20,000 such that the total amount of the credit facility does not exceed $50,000. The additional borrowing is subject to the approval of the lenders. The credit agreement terminates in October 2007; however, it is subject to acceleration in the event of a change of control of the Company as that term is defined in the credit agreement. At the time of each borrowing, the Company may elect to pay interest at the higher of SunTrust Bank's published prime rate or the Federal Funds Rate plus one-half of one percent (0.50%); or LIBOR rate plus one and one-half percent (1.50%). The Company is required to achieve certain financial ratios and to maintain certain net worth requirements as defined in the credit agreement. The Company is required to pay on a quarterly basis a facility fee equal to .25% per annum on the daily unused amount of the credit facility. At March 22, 2005 and at December 28, 2004, there were no borrowings outstanding pursuant to the credit facility.

The Company also has entered into a $5,000 revolving term loan agreement with a bank, under which no borrowings were outstanding at March 22, 2005 and December 28, 2004. The term loan agreement matures in October 2007. The interest rate is at .50% below the daily prime rate as published in the Wall Street Journal. In addition, the Company pays a facility fee of .25% per annum on the daily unused portion of the credit facility.

5. COMMON STOCK TRANSACTIONS

The Board of Directors has from time to time authorized the Company to purchase shares of the Company's common stock in the open market or in privately negotiated transactions. The Company made no purchases of its common stock during the twelve weeks ended March 22, 2005, or during the twelve weeks ended March 23, 2004. The Company is accounting for any purchases using the constructive retirement method of accounting wherein the aggregate par value of the stock is charged to the common stock account and the excess of cost over par value is charged to paid-in capital. At March 22, 2005, the Company may purchase up to 2,026,190 shares of its common stock pursuant to its current authorization by the Board of Directors.

In September 2002, the Company adopted a Stock Option Deferred Compensation Plan (the "Plan"), which allows certain key executives to defer compensation arising from the exercise of stock options granted under the Company's 1992 Incentive and Nonqualified Stock Option Plan. In fiscal 2003, pursuant to the terms of the Deferred Plan in the exercise of certain stock options by a participant, the Company issued 177,145 shares to a Rabbi trust (the "Trust") with Intrust Bank, NA serving as the trustee. The Trust holds the shares for the benefit of the participating employees ("Participants"). Under the terms of the Plan, Participants may elect to change the Plan's investments from time to time which may result in the sale of the shares. Since the shares held by the Trust are held pursuant to a deferred compensation arrangement

whereby amounts earned by an employee are invested in the stock of the employer and placed in the Trust, the Company accounts for the arrangement as required by Emerging Issues Task Force ("EITF") consensus on Issue No. 97-14, ACCOUNTING FOR DEFERRED COMPENSATION ARRANGEMENTS WHERE AMOUNTS EARNED ARE HELD IN A RABBI TRUST AND INVESTED ("EITF No. 97-14"). Accordingly, shares issued to the Trust were recorded at fair market value at the date issued by the Company in the amount of $3,663, which is reflected in the accompanying Condensed Consolidated Balance Sheets as Common Stock Held By Trust. The corresponding amount was credited to deferred compensation obligations. Each period, the shares owned by the Trust are valued at the closing market price, with corresponding changes in the underlying shares being reflected as adjustments to compensation expense and deferred compensation obligations. At March 22, 2005, the Trust held 177,145 shares of the Company's common stock. Included in non-cash stock compensation expense for the twelve weeks ended March 22, 2005 and March 23, 2004 was a charge of $204 and $760, respectively, relating to the changes in market price for such shares.

6. ACQUISITION OF TEXAS LAND AND CATTLE STEAK HOUSE

On January 28, 2004, the Company's Joint Plan of Reorganization ("the Plan") to purchase TX.C.C., Inc. and affiliated entities, TXCC-Preston and TXLC-Albuquerque, (collectively, "TXCC") was confirmed by the United States Bankruptcy Court for the District of Texas, Dallas Division and the Company acquired 100% of TXCC on that date. The Company's consolidated financial statements include TXCC's results of operations from January 28, 2004. TXCC presently operates 20 Texas Land & Cattle Steak House(R) restaurants located primarily in Texas. The acquisition of TXCC allows the Company to expand its steakhouse concepts, provides strategic growth opportunities and significantly increases its presence in the Texas market. Pursuant to the Plan, the pre-petition creditors at their option were entitled to receive either cash or common stock of Lone Star Steakhouse & Saloon, Inc. in settlement of their claims. The aggregate purchase price was $23,496 and consisted of cash, shares of the Company's common stock and the assumption of certain liabilities. The cash portion of the acquisition was funded from the Company's existing cash balances. In connection with the acquisition, the Company issued an aggregate of 119,485 shares of its common stock valued at $2,679. At March 23, 2004, the Company had issued 68,747 shares of such shares valued at $1,542. Pro forma results giving effect to the acquisition of TXCC are not presented for the periods as such amounts are not significant.

7. DISCONTINUED OPERATIONS

The Company accounts for its closed restaurants in accordance with the Provisions of SFAS No. 144, ACCOUNTING FOR THE IMPAIRMENT OR DISPOSAL OF LONG-LIVED ASSETS. Therefore, when a restaurant is closed and the restaurant is either held for sale or abandoned, the restaurant's operations are eliminated from ongoing operations. Accordingly, the operations of such restaurants, net of applicable income taxes, are presented as discontinued operations and prior period consolidated financial statements are reclassified. The table below reflects as discontinued operations the applicable operations of the Company's Australian business and certain other domestic restaurants closed which meet the criteria for such presentation.

	For the twelve weeks ended	
	March 22, 2005	March 23, 2004
Income (loss) from operations	$ (78)	$ 51
Income tax benefit (expense)	(2)	15
Net income (loss) from discontinued operations	$ (80)	$ 66

8. INCOME TAX

The effective income tax rate from continuing operations was 33.2% and 32.8% for the twelve weeks ended March 22, 2005 and March 23, 2004, respectively. The factors which cause the effective tax rates to vary from the federal statutory rate of 35% include state income taxes, the impact of FICA Tip and other credits, certain non-deductible expenses and the tax effect of incentive stock options. There is generally no tax impact to the Company associated with incentive stock options and the related amortization associated with such options in the income statement. However, tax benefits may arise related to incentive stock options at the time the options are exercised to the extent that the exercise is followed by a disqualifying disposition of the shares by the optionee. The 2004 effective tax rates reflect a greater amount of tax benefits arising from the impact of incentive stock options as compared to 2005.

9. SUBSEQUENT EVENTS

On March 31, 2005, the Board of Directors declared the Company's quarterly cash dividend of $.195 per share payable April 25, 2005 to shareholders of record on April 11, 2005.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

GENERAL

The following discussion and analysis should be read in conjunction with the condensed consolidated financial statements including the notes thereto included elsewhere in this Form 10-Q.

The Company opened no restaurants in either the twelve weeks ended March 22, 2005, or the twelve weeks ended March 23, 2004.

There were 251 operating domestic Lone Star Steakhouse & Saloon ("Lone Star") restaurants as of March 22, 2005. In addition, a licensee operates three Lone Star restaurants in California.

The Company currently operates five Del Frisco's Double Eagle Steak House ("Del Frisco's") restaurants. In addition, a licensee operates one Del Frisco's restaurant. The Company currently operates 15 Sullivan's Steakhouse ("Sullivan's") restaurants, 20 Texas Land & Cattle Steak House(R) ("TXCC") restaurants and onE Frankie's Italian Grille restaurant.

Internationally, licensees operate 12 Lone Star Steakhouse & Saloon restaurants in Australia and one in Guam.

On January 28, 2004, the Company acquired 20 TXCC restaurants which are located primarily in Texas. The operating results of those restaurants are included in the Company's consolidated operating results from the date of acquisition.

RESTATEMENT OF PRIOR FINANCIAL INFORMATION

In December 2004, the Company commenced a review of its lease accounting and leasehold depreciation policies. As a result of that review, the Company determined it appropriate to restate its prior financial statements. The information for the twelve weeks ended March 23, 2004, has been restated to reflect depreciation for certain leasehold improvements and to recognize rent expense on a straight line basis over the expected lease term, including renewal option periods where failure to exercise such options would result in an economic penalty. See Note 1 to the Consolidated Financial Statements in the Company's 2004 Form 10-K for further discussion.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

RESULTS OF OPERATIONS

The following table sets forth for the periods indicated the percentages which certain items included in the condensed consolidated statement of operations bear to net sales:

	TWELVE WEEKS ENDED (1)	
	MARCH 22, 2005	MARCH 23, 2004
		AS RESTATED
STATEMENT OF OPERATIONS DATA:		
Net sales	100.0%	100.0%
Costs and expenses:		
Costs of sales	33.9	34.8
Restaurant operating expenses	46.2	45.5
Depreciation and amortization	2.7	2.9

Restaurant costs and expenses	82.8	83.2
General and administrative expenses	6.9	6.4
Non-cash stock compensation expense	0.4	0.6
Income from operations	9.9	9.8
Other income, net	0.1	0.3
Income from continuing operations before income taxes	10.0	10.1
Provision for income taxes	3.3	3.3
Income from continuing operations	6.7	6.8
Income (loss) from discontinued operations, net of applicable income taxes	(0.1)	0.1
Net income	6.6%	6.9%

(1) The Company operates on a fifty-two or fifty-three week fiscal year ending the last Tuesday in December. The fiscal quarters for the Company consist of accounting periods of twelve, twelve, twelve and sixteen or seventeen weeks, respectively.

TWELVE WEEKS ENDED MARCH 22, 2005 COMPARED TO TWELVE WEEKS ENDED MARCH 23, 2004 (DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

Net sales increased $4,757 or 3.0% to $165,353 for the twelve weeks ended March 22, 2005, compared to $160,596 for the twelve weeks ended March 23, 2004. Sales for the twelve weeks ended March 22, 2005 include twelve weeks of sales for TXCC as compared with the prior period for fiscal 2004 which includes sales of TXCC of approximately $9,800 covering an eight week period from the date of acquisition. The Company's blended same store sales, representing net sales, by store, for all the Company owned restaurant concepts opened for more than 18 months in the current and comparable prior year period decreased .7%. The Company's average check increased 2.1% and guest counts decreased 2.75%.

Costs of sales, primarily food and beverages, decreased as a percentage of net sales to 33.9% from 34.8% due primarily to decreased costs for beef which is partly offset by increased costs for seafood items as a result of changes in the menu-mix.

Restaurant operating expenses for the twelve weeks ended March 22, 2005 increased $3,428 to $76,412 compared to $72,984 in the prior year period and increased as a percentage of net sales to 46.2% from 45.5%. Labor costs increased .4% primarily as the result of increased management staffing at the restaurants. Building maintenance costs increased .3% and utility costs, primarily for natural gas, increased .2%. The increases were partially offset by a decrease in the costs related to preopening expenses as such expenses for fiscal 2005 were approximately $46 compared to $287 in the prior year period.

Depreciation and amortization decreased $226 for the twelve weeks ended March 22, 2005 compared with the prior period. The decrease is attributable to the continued reduction in depreciation for certain assets that have become fully depreciated for the Company's historical concepts which is partially offset by the depreciation of assets related to the TXCC acquisition.

General and administrative expenses increased $1,158 for the twelve weeks ended March 22, 2005 compared to the prior period. General and administrative expenses reflect an increase of approximately $300 for increases related to the TXCC acquisition for the additional four week period included in fiscal 2005 as compared with the prior period. In addition, general and administrative costs reflect higher compensation related costs, increased travel expenses, increased

Sarbanes-Oxley compliance costs as well as increased costs for legal services.

Non-cash stock compensation expense for the twelve weeks ended March 22, 2005 was $692 compared to $910 for the prior year period. The change is primarily attributable to a charge of $204 compared to a charge of $760 in the prior year period relating to the accounting for certain shares of the Company's common stock held by a Rabbi Trust pursuant to a deferred compensation arrangement (See Note 5 to the Notes to Condensed Consolidated Financial Statements). In addition, the change also reflects an increase in the amortization of other stock based compensation in 2005 compared to 2004.

Other income, net for the twelve weeks ended March 22, 2005 was $146 compared to $447 for the prior year. The decrease in other income results primarily from a decrease in interest income and a decrease in gains from the sale of assets in 2005 as compared to 2004.

The effective income tax rate from continuing operations was 33.2% and 32.8% for the twelve weeks ended March 22, 2005 and March 23, 2004, respectively. The factors which cause the effective tax rates to vary from the federal statutory rate of 35% include state income taxes, the impact of FICA Tip and other credits, certain non-deductible expenses and the tax effect of incentive stock options. There is generally no tax impact to the Company associated with incentive stock options and the related amortization associated with such options in the income statement. However, tax benefits may arise at the time incentive options are exercised to the extent that the exercise is followed by a disqualifying disposition of the shares by the optionee. The 2004

period reflects a greater amount of tax benefits associated with the impact from incentive stock options during the period as compared to 2005.

Discontinued operations reflect the operations of restaurants closed subsequent to fiscal 2002 which are required to be reported as discontinued operations pursuant to SFAS No. 144, (see Note 7 to the Notes to Condensed Consolidated Statements).

IMPACT OF INFLATION

The primary inflationary factors affecting the Company's operations include food and labor costs. A number of the Company's restaurant personnel are paid at the federal and state established minimum wage levels and, accordingly, changes in such wage levels affect the Company's labor costs. However, since the majority of personnel are tipped employees, minimum wage changes should have little effect on overall labor costs. Historically, as costs of food and labor have increased, the Company has been able to offset these increases through menu price increases and economies of scale; however, there may be delays in the implementation of such menu price increases or in effecting timely economies of scale, as well as competitive pressures which may limit the Company's ability to recover any cost increase in its entirety. Historically, inflation has not had a material impact on operating margins. During fiscal 2004, the Company experienced significant volatility in beef prices as such prices for the year were generally above historical levels. During the first quarter of 2005, beef prices were below 2004 levels. However, to the extent that beef prices during the remainder of fiscal 2005 were to rise significantly above historical levels, it will have a material negative impact on operating margins.

LIQUIDITY AND CAPITAL RESOURCES (AMOUNTS IN THOUSANDS, EXCEPT SHARE AMOUNTS)

The following table presents a summary of the Company's cash flows for the twelve weeks ended March 22, 2005 and March 23, 2004:

	Twelve weeks ended	
	March 22, 2005	March 23, 2004
Net cash provided by operating activities	$ 20,553	$ 24,332
Net cash used in investing activities	(27,869)	(15,462)
Net cash used in financing activities	(3,551)	(3,016)
Net cash provided by (used in) discontinued operations	(80)	837

Net increase (decrease) in cash and cash equivalents .	$(10,947)	$ 6,691
	========	========

The decrease in net cash provided by operating activities for the twelve week period ended March 22, 2005 compared to the prior period is due primarily to decreases in certain operating assets and increases in certain operating liabilities during fiscal 2005 as compared to fiscal 2004.

Net cash used in investing activities increased primarily due to increases in property and equipment additions and the purchase of short-term securities partially offset by the acquisition of TXCC in 2004.

During the twelve week period ended March 22, 2005, the Company's investment in property and equipment was $7,885 compared to $3,804 for the same period in 2004.

During the twelve weeks ended March 22, 2005, the Company invested $20,270 in short term securities primarily consisting of investments in auction rate securities with contractual maturities of up to 30 years. There were no investments in short-term securities in the comparable period of 2004. These auction rate securities have interest re-set dates that occur every 7 to 90 days

and can be actively marketed at ongoing auctions that occur every 7 to 90 days. These investments are in investment-grade debt instruments such as government-backed securities. Auction rate securities are classified as available-for-sale and are reported on the balance sheet at par value, which equals market value, as the rate on such securities resets every 7 to 90 days. Consequently, interest rate movements do not affect the balance sheet valuation of these fixed income investments.

On January 28, 2004, the Company acquired TXCC for an aggregate purchase price of $23,496 which consisted of cash, shares of the Company's common stock and the assumption of certain liabilities. The cash portion of the acquisition was funded from the Company's existing cash balances and was $12,505, net of cash acquired.

During the twelve week period ended March 22, 2005, the Company received net proceeds of $30 from the issuance of 3,367 shares of its common stock due to the exercise of stock options compared to proceeds of $672 from the issuance of 75,213 shares in the comparable period of fiscal 2004.

The Company's Board of Directors has authorized the purchase of shares of the Company's common stock from time to time in the open market or in privately negotiated transactions. The most recent authorization was November 17, 2004 when the Board of Directors approved the repurchase of up to 2,026,190 shares of the Company's common stock. During the twelve weeks ended March 22, 2005 and March 23, 2004, the Company made no purchases of its common stock. At March 22, 2005, the Company may purchase up to 2,026,190 shares of its common stock pursuant to its current authorization by the Board of Directors.

The Company has paid quarterly cash dividends on its common stock since the second quarter of fiscal 2000. In January 2005, the Company increased its quarterly cash dividend from $.175 to $.195 per share commencing in the second quarter of fiscal 2005. During the twelve weeks ended March 22, 2005, the Company paid dividends of $3,581 or $.175 per share as compared to $3,688 or $.175 per share in the same period in 2004.

At March 22, 2005, the Company had $81,338 in cash and cash equivalents and short term investments. As described in Note 4 to the Notes to Condensed Consolidated Financial Statements in the Form 10-Q, the Company has unsecured revolving credit facilities that may permit borrowings of up to $55,000 which expire in October 2007. At March 22, 2005, the Company had no outstanding borrowings.

The Company from time to time may utilize derivative financial instruments in the form of live beef cattle futures contracts to manage market risks and reduce its exposure resulting from fluctuations in the price of meat. Realized and unrealized changes in the fair values of the derivative instruments are recognized in income in the period in which the change occurs. As of and for the twelve weeks ended March 22, 2005, the Company had no positions in futures contracts.

FORWARD LOOKING STATEMENTS

This report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Stockholders are cautioned that all forward-looking statements involve risks and uncertainty, including without limitation, the ability of the Company to open new restaurants, general market conditions, the price of beef, competition and pricing and other risks set forth in the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2004. Although the Company believes the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore, there can be no assurance that the forward-looking statements contained in the report will prove to be accurate.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

The Company's exposure to market risks was not significant during the twelve weeks ended March 22, 2005.

ITEM 4. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rules 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Form 10-Q.

No change in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) occurred during the period covered by this report that materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The table below provides information concerning the repurchase of shares of the Company's common stock during the twelve weeks ended March 22, 2005. The Board of Directors on November 17, 2004 authorized the Company to repurchase up to 2,026,190 shares of the Company's common stock. Since commencing the most recent authorization for share repurchase, the Company has not repurchased any shares of its common stock through March 22, 2005.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total number of shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
December 29, through January 25	-	-	-	2,026,190
January 26, through February 22	-	-	-	2,026,190
February 23, through	-	-	-	2,026,190

March 22				
Total	-	-	-	2,026,190

(1) Repurchases are subject to prevailing market prices, may be made in open market or in privately negotiated transactions, may occur or be discontinued at any time. There can be no assurance that the Company will repurchase any shares.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LONE STAR STEAKHOUSE & SALOON, INC.
(Registrant)

Date: May 2, 2005

/s/ John D. White

John D. White
Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Exhibit 31.1

Section 302 Certification

I, JAMIE B. COULTER, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of LONE STAR STEAKHOUSE & SALOON, INC, a Delaware corporation (the "registrant");

(2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

(3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e), and internal control over financial reporting (as defined in Exchange Act Rule, 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2005

By: /s/ Jamie B. Coulter

Jamie B. Coulter
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Exhibit 31.2

Section 302 Certification

I, JOHN D. WHITE, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of LONE STAR STEAKHOUSE & SALOON, INC, a Delaware corporation (the "registrant");

(2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

(3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e), and internal control over financial reporting (as defined in Exchange Act Rule, 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2005

By: /s/ John D. White

John D. White
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C.ss.1350), the undersigned, Jamie B. Coulter, Chief Executive Officer of Lone Star Steakhouse & Saloon, Inc., a Delaware corporation (the "Company"), does hereby certify, to his knowledge, that:

The Quarterly Report on Form 10-Q for the period ended March 22, 2005 of the Company (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jamie B. Coulter

Jamie B. Coulter
Chief Executive Officer
May 2, 2005

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C.ss.1350), the undersigned, John D. White, Chief Financial Officer of Lone Star Steakhouse & Saloon, Inc., a Delaware corporation (the "Company"), does hereby certify, to his knowledge, that:

The Quarterly Report on Form 10-Q for the period ended March 22, 2005 of the Company (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John D. White

John D. White
Chief Financial Officer
May 2, 2005