FORM 10Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended September 27, 1995

Commission File Number 1-10275

BRINKER INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	75-1914582
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6820 LBJ FREEWAY, DALLAS, TEXAS 75240
(Address of principal executive offices)
(Zip Code)

(214) 980-9917
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all 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.

Yes X No

Number of shares of common stock of registrant outstanding at September 27, 1995: 76,566,291.

BRINKER INTERNATIONAL, INC.

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BRINKER INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

	SEPTEMBER 27, 1995	JUNE 28, 1995
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 16,524	$ 38,780
Accounts Receivable	9,590	17,952
Assets Held for Sale and Leaseback	71	68
Inventories	11,228	10,312
Prepaid Expenses	24,837	22,485
Deferred Income Taxes	4,053	4,389
Total Current Assets	66,303	93,986
Property and Equipment, at Cost:		
Land	157,585	148,123
Buildings and Leasehold Improvements	399,460	358,717
Furniture and Equipment	234,114	214,275
Construction-in-Progress	42,294	49,500
	833,453	770,615
Less Accumulated Depreciation	214,797	202,542
Net Property and Equipment	618,656	568,073
Other Assets:		
Marketable Securities	32,983	34,696
Goodwill	74,482	9,708
Other	31,295	26,342
Total Other Assets	138,760	70,746
Total Assets	$ 823,719	$ 732,805

See Accompanying Notes to Condensed Consolidated Financial Statements

BRINKER INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and par value amounts)
(Unaudited)

	SEPTEMBER 27, 1995	JUNE 28, 1995
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current Installments of Long-term Debt	$ 393	$ 1,593
Accounts Payable	41,441	34,252
Accrued Liabilities	60,873	60,518
Total Current Liabilities	102,707	96,363

Long-term Debt, Less Current Installments	102,988	103,086
Deferred Income Taxes	14,401	13,497
Other Liabilities	23,561	23,062
Commitments and Contingencies		
Shareholders' Equity:		
Preferred Stock-1,000,000 Authorized Shares; $1.00 Par Value; No Shares Issued	---	---
Common Stock-250,000,000 Authorized Shares; $.10 Par Value; 76,566,291 and 72,073,597 Shares Issued and Outstanding at September 27, 1995 and June 28, 1995, Respectively	7,657	7,207
Additional Paid-In Capital	257,751	190,919
Unrealized Loss on Marketable Securities	(1,047)	(1,451)
Retained Earnings	315,701	300,122
Total Shareholders' Equity	580,062	496,797
Total Liabilities and Shareholders' Equity	$ 823,719	$ 732,805

See Accompanying Notes to Condensed Consolidated Financial Statements

BRINKER INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)
(Unaudited)

	THIRTEEN WEEK PERIODS ENDED	
	SEPTEMBER 27, 1995	SEPTEMBER 28, 1995
REVENUES	$ 289,460	$ 247,072
Cost and Expenses:		
Cost of Sales	83,658	66,276
Restaurant Expenses	152,905	126,847
Depreciation and Amortization	16,072	13,786
General and Adminstrative	12,997	12,224
Interest Expense	767	---
Other, Net	(906)	(817)
Total Costs and Expenses	265,493	218,316
Income Before Provision for Income Taxes	23,967	28,756
Provision for Income Taxes	8,388	10,208
Net Income	$ 15,579	$ 18,548
Primary and Fully Diluted Net Income Per Share	$ 0.21	$ 0.25
Primary Weighted Average Shares Outstanding	75,721	74,799
Fully Diluted Weighted Average Shares Outstanding	75,721	74,936

See Accompanying Notes to Condensed Consolidated Financial Statements

BRINKER INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Thirteen Week Periods Ended	
	September 27, 1995	September 28, 1994
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Income	$ 15,579	$ 18,548
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities:		
Depreciation of Property and Equipment	13,525	11,263
Amortization of Other Assets	2,547	2,523
Changes in Assets and Liabilities, Net		
Effects of Acquisitions:		
Decrease (Increase) in Accounts Receivable	9,123	(4,316)
Increase in Inventories	(480)	(468)
Increase in Prepaid Expenses	(1,941)	(427)
Increase in Other Assets	(6,560)	(5,564)
Decrease in Accounts Payable	(9,512)	(983)
Decrease in Accrued Liabilities	(1,080)	(844)
Increase in Deferred Income Taxes	1,240	1,378
Increase (Decrease) in Other Liabilities	499	(1,177)
Net Cash Provided by Operating Activities	22,940	19,933
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for Property and Equipment	(47,037)	(36,244)
Purchases of Marketable Securities	(5,544)	(4,411)
Proceeds from Sales of Maketable Securities	7,661	4,298
Other	372	(347)
Net Cash Used in Investing Activities	(44,818)	(36,704)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of Short-term Debt	---	11,150
Payments of Long-term Debt	(1,298)	(783)
Proceeds from Issuances of Common Stock	920	3,721
Net Cash (Used in) Provided by Financing Activities	(378)	14,088
NET DECREASE IN CASH AND CASH EQUIVALENTS	(22,256)	(2,683)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	38,780	3,743
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 16,524	$ 1,060
CASH (RECEIVED) PAID DURING THE PERIOD:		
Income Taxes, Net	$ (5,648)	$ 1,839
NON-CASH INVESTING AND FINANCING ACTIVITY:		
Common Stock Issued in Connection With Acquisitions	$ 66,362	$ ---

See Accompanying Notes to Condensed Consolidated Financial Statements

BRINKER INTERNATIONAL, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The condensed consolidated financial statements of Brinker International, Inc. ("Company") as of September 27, 1995 and June 28, 1995 and for the thirteen week periods ended September 27, 1995 and

September 28, 1994 have been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission. The Company owns and operates eight restaurant concepts under the names of Chili's Grill & Bar ("Chili's"), Grady's American Grill ("Grady's"), Romano's Macaroni Grill ("Macaroni Grill"), Spageddies Italian Kitchen ("Spageddies"), On The Border Cafes ("On The Border"), Cozymel's - A Very Mexican Grill ("Cozymel's"), Maggiano's Little Italy ("Maggiano's"), and Corner Bakery ("Corner Bakery").

The information furnished herein reflects all adjustments (consisting of normal recurring accruals and adjustments) which are, in the opinion of management, necessary to fairly state the operating results for the respective periods. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations. The notes to the condensed consolidated financial statements should be read in conjunction with the notes to the consolidated financial statements contained in the June 28, 1995 Form 10-K. Company management believes that the disclosures are sufficient for interim financial reporting purposes.

2. Net Income Per Share

Both primary and fully diluted net income per share are based on the weighted average number of shares outstanding during the period increased by common equivalent shares (stock options) determined using the treasury stock method.

3. Goodwill

Goodwill is being amortized on a straight-line basis over 30 to 40 years. The Company assesses the recoverability of goodwill by determining whether the asset balance can be recovered over its remaining life through undiscounted future operating cash flows of the acquired operation. The amount of impairment, if any, is measured based on projected discounted future operating cash flows. The Company believes that no impairment has occurred and that no reduction of the estimated useful life is warranted.

4. Business Combinations

Effective July 19, 1995, the Company acquired the remaining 50% interest in its three unit Cozymel's restaurant concept in exchange for 430,769 shares of the Company's common stock. On August 29, 1995, the Company acquired the three unit Maggiano's and five unit Corner Bakery concepts in exchange for 4,000,000 shares of the Company's common stock. These acquisitions were accounted for as purchases. Goodwill of approximately $7.6 million and $57.6 million, respectively, representing the excess of cost over the fair value of the assets acquired, was recorded in connection with these acquisitions. The operations of the restaurants are included in the Company's consolidated results of operations from the dates of their acquisition. The results of operations on a pro forma basis are not presented separately as the results do not differ significantly from historical amounts reported herein.

5. Subsequent Events

On October 17, 1995, the Board of Directors of the Company approved a strategic plan intended to support the Company's long-term growth target that focuses on continued development of those restaurant concepts that have the greatest return potential for the Company and its shareholders. In conjunction with this plan, the Company will dispose of or convert 30 to 40 Company-owned restaurants that have not met management's expectations. Since September 27, 1995, ten units have ceased operations under this plan. The remaining restaurants will be disposed of or converted during the current fiscal year. The Company expects to record an estimated pre-tax charge of $50 million in the second quarter of fiscal 1996 to cover the costs related to the execution of this plan.

On October 30, 1995, the Company entered into an agreement providing for the sale of all rights to the Grady's concept and 37 Grady's restaurants for a cash purchase price of approximately $70 million. The sale is subject to due diligence as well as other customary conditions and is expected to close by December 31, 1995.

Management's Discussion and Analysis of Financial Condition and Results of Operations For The Thirteen Week Periods Ended September 27, 1995 and September 28, 1994

The following table sets forth expenses as a percentage of total revenues for revenue and expense items included in the Condensed Consolidated Statements of Income.

	Thirteen Week Periods Ended September 27, 1995	Thirteen Week Periods Ended September 28, 1994
Revenues	100.0%	100.0%
Costs and Expenses:		
Cost of Sales	28.9%	26.8%
Restaurant Expenses	52.8%	51.3%
Depreciation and Amortization	5.6%	5.6%
General and Administrative	4.5%	4.9%
Interest Expense	0.2%	0.0%
Other, Net	(0.3%)	(0.2%)
Total Costs and Expenses	91.7%	88.4%
Income Before Provision for Income Taxes	8.3%	11.6%
Provision for Income Taxes	2.9%	4.1%
Net Income	5.4%	7.5%

The following table shows restaurant openings during the first quarter and year-to-date as well as total restaurants open at the end of the first quarter.

	1st Quarter Openings Fiscal 1996	1st Quarter Openings Fiscal 1995	Total Open at End of First Quarter Fiscal 1996	Total Open at End of First Quarter Fiscal 1995
Chili's:				
Company-owned	14	16	330	296
Franchised	8	8	116	86
Total	22	24	446	382
Macaroni Grill:				
Company-owned	4	4	54	38
Franchised	--	--	1	1
Total	4	4	55	39
Grady's	5	1	49	35
Spageddies:				
Company-owned	3	--	15	6
Franchised	1	--	5	--
Total	4	--	20	6
On The Border:				
Company-owned	1	--	4	14
Franchised	--	--	--	6
Total	1	--	4	20
Maggiano's	--	--	3	--
Corner Bakery	--	--	5	--
R&D Concepts	--	--	1	1
Grand Total	38	29	604	484

REVENUES

Revenues for the first quarter of fiscal 1996 increased to $289.5 million, 17.2% over the $247.1 million generated for the same quarter of fiscal 1995. The increase is primarily attributable to the 88 Company-operated restaurants opened or acquired since September 28, 1994. The Company increased its capacity (as measured in store weeks) by 21.3% in the first quarter of fiscal 1996, as compared to the same quarter in fiscal 1995. Average weekly sales for the first quarter of fiscal 1996 declined 3.3% compared to the first quarter of fiscal 1995, including declines of 2.8% and 8.3% at Chili's and Macaroni Grill, respectively.

COSTS AND EXPENSES (as a percent of Revenues)

Cost of sales increased from 26.8% in fiscal 1995 to 28.9% in fiscal 1996. Unfavorable commodity prices were experienced for alcoholic beverages, pasta, nonalcoholic beverages, sauces and oils. Product mix shifts toward higher cost menu items and increases in portions on various Chili's menu items also contributed to the increase. These increases were somewhat offset by favorable prices for meat, bakery, produce, poultry, and dairy.

Restaurant expenses increased from 51.3% in fiscal 1995 to 52.8% in fiscal 1996, primarily as a result of increases in management and hourly labor and credit card fees. The increase in management labor is due to increases in base pay to remain competitive in the industry. At the restaurant level, hourly labor costs are up due to increases in the floor staff to improve customer service as well as wage rate increases to meet industry competition and retain quality employees. Credit card fees also increased due to proportionately higher credit card sales and an increase in the cost of authorizing credit card transactions. These cost increases were partially offset by decreases in liquor taxes and contingent rent.
Depreciation and amortization was flat compared to the prior year first quarter. A decrease in per-unit depreciation and amortization due to a declining depreciable asset base for older units offset increases related to new unit construction costs and ongoing remodel costs.

General and administrative expenses declined in the first quarter of fiscal 1996 compared to fiscal 1995 due to the Company's ongoing focus on controlling corporate overhead and efficiencies realized from increased investments in computer hardware and software. The dollar increase in general and administrative expenses is due to additional staff and support as the Company expands its restaurant concepts.

Interest expense, net of amounts capitalized, increased due to the issuance of $100 million of unsecured senior notes by the Company in April 1995.

Other, net, was flat compared to the first quarter of fiscal 1995. Income from the net gains on sales of marketable securities was offset partially by a decrease in interest and dividend income compared to fiscal 1995 as a result of a decrease in the investment portfolio balance.

INCOME BEFORE PROVISION FOR INCOME TAXES

As a result of the relationships between revenues and costs and expenses, income before provision for income taxes decreased 16.7% for the first quarter of fiscal 1996 as compared to fiscal 1995.

INCOME TAXES

The Company's effective income tax rate was 35.0% for the first quarter of fiscal 1996 compared to 35.5% for the same period of fiscal 1995. The fiscal 1996 effective income tax rate has decreased as a result of an increase in Federal FICA tip credits.

NET INCOME AND NET INCOME PER SHARE

Net income and primary net income per share declined 16.0% compared to the first quarter of fiscal 1995. The decrease in net income in light of the increase in revenues was due to the decline in average weekly store sales and the increases in costs and expenses mentioned above. Primary weighted average shares outstanding for the first quarter increased 1.2% compared to the prior year period. The number of outstanding shares has increased as a result of the acquisition of the Cozymel's and Maggiano's/Corner Bakery concepts and common stock options exercised, offset partially by a decrease in dilutive common stock equivalents in fiscal 1996 as a result of a decline in the Company's stock price.

IMPACT OF INFLATION

The Company has not experienced a significant overall impact from inflation. As operating expenses increase, the Company, to the extent permitted by competition, recovers increased costs by raising menu prices.

LIQUIDITY AND CAPITAL RESOURCES

The working capital deficit increased from $2.4 million at June 28, 1995 to $36.4 million at September 27, 1995, due primarily to the Company's capital expenditures as discussed below. Net cash provided by operating activities increased to $22.9 million for the first quarter of fiscal 1996 from $19.9 million during the same period in fiscal 1995 due to timing of operational receipts and payments and the increased number of restaurants in operation.

Long-term debt outstanding at September 27, 1995 consisted of $100 million of unsecured senior notes and obligations under capital leases. At September 27, 1995, the Company had $250 million in available funds from credit facilities.

Capital expenditures were $47.3 million for the first quarter of fiscal 1996 as compared to $36.2 million in the first quarter of fiscal 1995. Purchases of land for future restaurant sites, new restaurants under construction, purchases of new and replacement restaurant furniture and equipment, and the ongoing remodeling program were responsible for the increased expenditures. The Company estimates that its capital expenditures during the second quarter will approximate $60 million. These capital expenditures will be funded from internal operations, cash equivalents, income earned from investments, build-to-suit lease agreements with landlords, and drawdowns on the Company's available lines of credit.

During October 1995, the Company announced the approval of a strategic plan calling for the disposition or conversion of 30 to 40 Company-owned restaurants. The net effect of this plan will be a significant positive cash flow of approximately $30 million to be realized over the next two years. Furthermore, the Company entered into an agreement providing for the sale of the Grady's concept and 37 Grady's restaurants that is expected to result in approximately $65 to $70 million of additional positive cash flow in fiscal 1996.

The Company is not aware of any other event or trend which would potentially affect its liquidity. In the event such a trend would develop, the Company believes that there are sufficient funds available to it under the lines of credit and strong internal cash generating capabilities to adequately manage the expansion of business.

PART II. OTHER INFORMATION

Item 6: EXHIBITS

Exhibit 27 Financial Data Schedule. Filed with EDGAR version.

SIGNATURES

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

BRINKER INTERNATIONAL, INC.

Date: November 8, 1995 By: /Ronald A. McDougall
Ronald A. McDougall, President and Chief
Operating Officer
(Duly Authorized Signatory)

Date: November 8, 1995 By: /Debra L. Smithart
Debra L. Smithart, Executive Vice President
and Chief Financial Officer
(Principal Financial and Accounting Officer)

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
COMPANY'S FIRST QUARTER FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REERENCE
TO SUCH FORM 10-Q.

1,000

3-MOS
JUN-28-1995
JUN-29-1995
SEP-27-1995
16,524
32,983
9,793
(203)
11,228
66,303
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(214,797)
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