UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended December 25, 2002

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)

(972) 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 December 25, 2002: 96,956,412

BRINKER INTERNATIONAL, INC.

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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

BRINKER INTERNATIONAL, INC.
Consolidated Balance Sheets
(In thousands, except per share amounts)

	December 25, 2002 (Unaudited)	June 26, 2002
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 20,123	$ 10,091
Accounts receivable	34,726	22,613
Inventories	25,798	25,190
Prepaid expenses and other	68,495	66,727
Income taxes receivable	-	15,673
Deferred income taxes	1,709	1,660
Total current assets	150,851	141,954
Property and Equipment, at Cost:		
Land	263,261	254,000
Buildings and leasehold improvements	1,178,805	1,091,434
Furniture and equipment	576,214	635,403
Construction-in-progress	57,562	57,015
	2,075,842	2,037,852
Less accumulated depreciation and amortization	(643,788)	(682,435)
Net property and equipment	1,432,054	1,355,417
Other Assets:		
Goodwill, net	193,899	193,899
Other	85,528	92,066
Total other assets	279,427	285,965
Total assets	$1,862,332	$1,783,336
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current installments of long-term debt	$ 17,492	$ 17,292
Accounts payable	84,134	118,418
Accrued liabilities	192,570	166,510
Income taxes payable	41,756	-
Total current liabilities	335,952	302,220
Long-term debt, less current installments	400,756	426,679
Deferred income taxes	17,899	17,295
Other liabilities	71,988	60,046
Shareholders' Equity:		
Common stock - 250,000,000 authorized shares; $0.10 par value; 117,499,541 shares issued and 96,956,412 shares outstanding at December 25, 2002, and 117,500,054 shares issued and 97,440,391 shares outstanding at June 26, 2002	11,750	11,750
Additional paid-in capital	332,397	330,191
Retained earnings	1,036,930	954,701
	1,381,077	1,296,642
Less:		
Treasury stock, at cost (20,543,129 shares at December 25, 2002 and 20,059,663 shares at June 26, 2002	(342,609)	(317,674)
Unearned compensation	(2,731)	(1,872)
Total shareholders' equity	1,035,737	977,096
Total liabilities and shareholders' equity	$1,862,332	$1,783,336

See accompanying notes to consolidated financial statements.

BRINKER INTERNATIONAL, INC.
Consolidated Statements of Income
(In thousands, except per share amounts)
(Unaudited)

	Thirteen Week Periods Ended		Twenty-Six Week Periods Ended	
	December 25, 2002	December 26, 2001	December 25, 2002	December 26, 2001
Revenues	$ 794,510	$ 685,751	$ 1,568,402	$ 1,358,406
Operating Costs and Expenses:				
Cost of sales	217,671	190,834	428,097	376,658
Restaurant expenses	447,343	377,260	870,949	744,080
Depreciation and amortization	38,701	30,151	75,858	58,337
General and administrative	31,776	30,688	64,321	58,247
Total operating costs and expenses	735,491	628,933	1,439,225	1,237,322
Operating income	59,019	56,818	129,177	121,084
Interest expense	2,450	2,837	6,421	6,621
Other, net	760	1,021	(830)	808
Income before provision for income taxes	55,809	52,960	123,586	113,655
Provision for income taxes	18,584	18,324	41,357	39,385
Net income	$ 37,225	$ 34,636	$ 82,229	$ 74,270
Basic net income per share	$ 0.38	$ 0.35	$ 0.85	$ 0.76
Diluted net income per share	$ 0.38	$ 0.35	$ 0.83	$ 0.74
Basic weighted average shares outstanding	96,784	97,718	96,981	98,366
Diluted weighted average shares outstanding	98,848	100,131	99,041	100,875

See accompanying notes to consolidated financial statements.

BRINKER INTERNATIONAL, INC.
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Twenty-Six Week Periods Ended	
	December 25, 2002	December 26, 2001
Cash Flows from Operating Activities:		
Net income	$ 82,229	$ 74,270
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	75,858	58,337
Amortization of deferred costs	6,182	2,516
Deferred income taxes	555	5,318
Impairment of intangible asset	4,123	-
Changes in assets and liabilities, excluding effects of acquisitions:		
Receivables	(12,843)	(3,565)
Inventories	(608)	983
Prepaid expenses and other	1,738	(1,052)
Other assets	1,485	5,789
Current income taxes	57,429	11,472

Accounts payable	(34,284)	3,584
Accrued liabilities	28,328	30,365
Other liabilities	3,469	1,516
Net cash provided by operating activities	213,661	189,533
Cash Flows from Investing Activities:		
Payments for property and equipment	(155,867)	(115,220)
Payments for purchases of restaurants	-	(60,491)
Proceeds from sale of affiliate	-	4,000
Investment in equity method investees	(1,750)	(12,322)
Repayment of notes receivable from affiliate	11,000	325
Issuance of loan to affiliate	(1,400)	(1,000)
Net repayments from (advances to) affiliates	730	(861)
Net cash used in investing activities	(147,287)	(185,569)
Cash Flows from Financing Activities:		
Net payments on credit facilities	(29,089)	(147,779)
Net proceeds from issuance of debt	-	244,243
Proceeds from issuances of treasury stock	13,469	14,520
Purchases of treasury stock	(40,722)	(87,503)
Net cash (used in)provided by financing activities	(56,342)	23,481
Net change in cash and cash equivalents	10,032	27,445
Cash and cash equivalents at beginning of period	10,091	13,312
Cash and cash equivalents at end of period	$ 20,123	$ 40,757

See accompanying notes to consolidated financial statements.

BRINKER INTERNATIONAL, INC.
Notes to Consolidated Financial Statements
(Unaudited)

1. Basis of Presentation

The consolidated financial statements of Brinker International, Inc. and its wholly-owned subsidiaries (collectively, the "Company") as of December 25, 2002 and June 26, 2002 and for the thirteen-week and twenty-six week periods ended December 25, 2002 and December 26, 2001, respectively, have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The Company owns, operates, or franchises various restaurant concepts under the names of Chili's Grill & Bar ("Chili's"), Romano's Macaroni Grill ("Macaroni Grill"), On The Border Mexican Grill & Cantina ("On The Border"), Maggiano's Little Italy ("Maggiano's"), Corner Bakery Cafe ("Corner Bakery"), Big Bowl Asian Kitchen ("Big Bowl"), and Cozymel's Coastal Grill ("Cozymel's"). In addition, the Company owns an approximately 43% interest in the legal entities (collectively, the "Rockfish Partnership") owning and developing Rockfish Seafood Grill ("Rockfish").

The information furnished herein reflects all adjustments (consisting only of normal recurring accruals and adjustments) which are, in the opinion of management, necessary to fairly state the operating results for the respective periods. However, these operating results are not necessarily indicative of the results expected for the full fiscal year. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to SEC rules and regulations. The notes to the consolidated financial statements should be read in conjunction with the notes to the consolidated financial statements contained in the June 26, 2002 Form 10-K. Company management believes that the disclosures are sufficient for interim financial reporting purposes.

Certain prior year amounts in the accompanying consolidated financial statements have been reclassified to conform with fiscal 2003 classifications. These reclassifications have no effect on the Company's net income or financial position as previously reported.

2. Stock Option Plans

The Company accounts for its stock based compensation under the recognition and measurement principles of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations ("APB 25"), and has adopted the disclosure-only provisions of Statement of Financial Accounting Standard ("SFAS") No. 123. Under APB 25, no stock-based compensation cost is reflected in net income for grants of stock options to employees because the Company grants stock options with an exercise price equal to the market value of the stock on the date of grant. Had the Company used the fair value based accounting method for stock compensation expense prescribed by SFAS No. 123, the Company's net income and earnings per share would have been reduced to the pro-forma amounts illustrated as follows (in thousands, except per share data):

	Thirteen Week Periods Ended		Twenty-Six Week Periods Ended	
	December 25, 2002	December 26, 2001	December 25, 2002	December 26, 2001
Net income - as reported reported	$ 37,225	$ 34,636	$ 82,229	$ 74,270
Add: Reported stock-based compensation expense, net of taxes	621	692	1,195	1,074
Deduct: Fair value based compensation expense, net of taxes	(4,714)	(4,510)	(9,031)	(8,158)
Net income - pro-forma	$ 33,132	$ 30,818	$ 74,393	$ 67,186
Earnings per share:				
Basic - as reported	$ 0.38	$ 0.35	$ 0.85	$ 0.76
Basic - pro-forma	$ 0.34	$ 0.32	$ 0.77	$ 0.68
Diluted - as reported	$ 0.38	$ 0.35	$ 0.83	$ 0.74
Diluted - pro-forma	$ 0.34	$ 0.31	$ 0.75	$ 0.67

3. Investment in Unconsolidated Entities

In July 2001, the Company acquired a partnership interest in Rockfish Partnership, a privately held Dallas-based restaurant company. The Company made a $12.3 million capital contribution to Rockfish Partnership in exchange for an approximate 40% ownership interest. In October 2002, the Company made an additional $1.8 million capital contribution to Rockfish Partnership increasing its ownership interest to 43%.

The Company entered into a note agreement (the "Note") with Rockfish Partnership in December 2002. The Note is intended to fund future Rockfish development and allows Rockfish Partnership to borrow up to $4.0 million, bears interest at LIBOR plus 1.5%, and matures in March 2003. At December 25, 2002, $1.4 million was outstanding under the Note.

4. Provision for Impaired Assets and Restaurant Closings

During the second quarter of fiscal 2003, the Company recorded a $5.4 million charge for long-lived asset impairments and exit costs resulting from the decision to close nine restaurants and to write down the assets of one under-performing restaurant. Substantially all of the assets were fully impaired. The impairment charges and exit costs are included in restaurant expenses in the consolidated statement of income.

During the second quarter of fiscal 2003, the Company closed one of the two remaining PIZZAAHHH! restaurant locations and cancelled all future development plans for the concept. As a result of this decision, a $4.1 million impairment charge was recorded, representing the remaining net book value of the intellectual property rights associated with the PIZZAAHHH! concept. The impairment charge is included in restaurant expenses in the consolidated statement of income.

5. Shareholders' Equity

Pursuant to the Company's stock repurchase plan, the Company repurchased approximately 1,443,000 shares of its common stock for $40.7 million during the first and second quarters of fiscal 2003, resulting in a cumulative repurchase total of approximately 17.5 million shares of its common stock for $368.3 million of the approved $410 million repurchase program. The Company's stock repurchase plan is used by the Company to increase shareholder value, offset the dilutive effect of stock option exercises, satisfy obligations under its savings plans, and for other corporate purposes. The repurchased common stock is reflected as a reduction of shareholders' equity.

6. Supplemental Cash Flow Information

Cash paid for interest and income taxes is as follows (in thousands):

	Dec. 25, 2002	Dec. 26, 2001
Interest, net of amounts capitalized	$ 1,454	$ 6,170
Net income tax (refunds) payments	(16,627)	22,595

Non-cash investing and financing activities are as follows (in thousands):

	Dec. 25. 2002	Dec. 26, 2001
Restricted common stock issued, net of forfeitures	$ 4,524	$ 2,354
Increase in fair value of interest rate swaps and debt	94	409
Increase (decrease) in fair value of interest rate swaps on real estate leasing facility	8,473	(1,441)

7. Related Party Transaction

In fiscal 2002, the Company recorded an approximate $8.7 million charge in restaurant expenses to reduce its notes receivable from Eatzi's Corporation ("Eatzi's") to their net realizable value of $11.0 million. In November 2002, the Company completed the divestiture of Eatzi's and received an $11.0 million cash payment and a $4.0 million promissory note. The promissory note is unsecured and payable only upon the closing of an initial public offering by Eatzi's. Due to the uncertainty of collecting the promissory note, the Company has established a reserve for the entire principal balance.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following table sets forth selected operating data as a percentage of total revenues for the periods indicated. All information is derived from the accompanying consolidated statements of income.

	13 Week Periods Ended		26 Week Periods Ended	
	Dec. 25, 2002	Dec. 26, 2001	Dec. 25, 2002	Dec. 26, 2001
Revenues	100.0 %	100.0 %	100.0 %	100.0 %
Operating Costs and Expenses:				
Cost of sales	27.4 %	27.8 %	27.3 %	27.7 %
Restaurant expenses	56.3 %	55.0 %	55.5 %	54.8 %
Depreciation and amortization	4.9 %	4.4 %	4.8 %	4.3 %
General and administrative	4.0 %	4.5 %	4.1 %	4.3 %
Total operating costs and expenses	92.6 %	91.7 %	91.7 %	91.1 %
Operating income	7.4 %	8.3 %	8.3 %	8.9 %
Interest expense	0.3 %	0.4 %	0.4 %	0.5 %
Other, net	0.1 %	0.1 %	0.0 %	0.1 %
Income before provision for income taxes	7.0 %	7.8 %	7.9 %	8.3 %
Provision for income taxes	2.3 %	2.7 %	2.6 %	2.9 %
Net income	4.7 %	5.1 %	5.3 %	5.4 %

The following table details the number of restaurant openings during the second quarter and year-to-date and total restaurants open at the end of the second quarter.

Second Quarter	Year-to-Date	Total Open at End

	Openings Fiscal 2003	Openings Fiscal 2002	Openings Fiscal 2003	Openings Fiscal 2002	Of Second Quarter Fiscal 2003	Of Second Quarter Fiscal 2002
Chili's:						
Company-owned	17	16	36	25	664	606
Franchised	7	8	10	14	200	182
Total	24	24	46	39	864	788
Macaroni Grill:						
Company-owned	9	4	12	7	188	166
Franchised	-	-	-	-	6	6
Total	9	4	12	7	194	172
On The Border:						
Company-owned	3	1	4	3	115	105
Franchised	-	1	1	1	19	20
Total	3	2	5	4	134	125
Maggiano's	3	2	3	3	23	17
Corner Bakery:						
Company-owned	3	2	5	6	78	67
Franchised	1	-	1	-	3	2
Total	4	2	6	6	81	69
Big Bowl	2	-	4	-	16	9
Cozymel's	-	-	-	-	15	14
Rockfish Partnership	1	2	4	2	16	10
Grand Total	46	36	80	61	1,343	1,204

REVENUES

Revenues for the second quarter of fiscal 2003 increased to $794.5 million, 15.9% over the $685.8 million generated for the same quarter of fiscal 2002. Revenues for the twenty-six week period ended December 25, 2002 rose 15.5% to $1,568.4 million from the $1,358.4 million generated for the same period of fiscal 2002. The increases are primarily attributable to a net increase of 115 company-owned restaurants since December 26, 2001 and an increase in comparable store sales for the second quarter and year-to-date of fiscal 2003 as compared to the same periods of fiscal 2002. The Company increased its capacity (as measured in sales weeks) for the second quarter and year-to-date of fiscal 2003 by 13.7% and 14.5%, respectively, compared to the respective prior year periods. Comparable store sales increased 2.1% and 1.5% for the second quarter and year-to-date, respectively, from the same periods of fiscal 2002. Menu prices in the aggregate increased 1.5% in fiscal 2003 as compared to fiscal 2002.

COSTS AND EXPENSES (as a Percent of Revenues)

Cost of sales decreased 0.4% for the second quarter and year-to-date of fiscal 2003 as compared to the same periods of fiscal 2002. These decreases were due to a 0.4% increase in menu prices for meat, seafood, poultry and alcohol and a 1.0% decrease in commodity prices for meat, seafood, dairy and cheese, offset by a 1.0% unfavorable product mix shift for meat, seafood and produce.

Restaurant expenses increased 1.3% for the second quarter of fiscal 2003, as compared to the same period of fiscal 2002. The increase was primarily due to $5.4 million in charges resulting from the decision to close nine restaurants and to write down the assets of one under-performing restaurant and a $4.1 million impairment of intellectual property rights (see Note 4). The remaining increase was due primarily to increases in preopening expenses. Restaurant expenses increased 0.7% for year-to-date fiscal 2003 as compared to the same period of fiscal 2002. The increase was primarily due to the store closing and impairment charges previously discussed, partially offset by decreases in utility costs.

Depreciation and amortization increased 0.5% for the second quarter and year-to-date of fiscal 2003 as compared to the same periods of fiscal 2002. The increase was due to new unit construction, ongoing remodel costs, the acquisition of previously leased equipment and real estate assets and restaurants acquired during fiscal 2002. These increases were partially offset by increased sales leverage and a declining depreciable asset base for older units.

General and administrative expenses decreased 0.5% and 0.2% for the second quarter and year-to-date of fiscal 2003, respectively, as compared to the same periods of fiscal 2002. These decreases were primarily due to the Company's continued focus on controlling corporate expenditures and an increase in sales leverage.

Interest expense decreased 0.1% for the second quarter and year-to-date of fiscal 2003 as compared with the same periods of fiscal 2002. These decreases were primarily due to a decrease in interest expense on the revolving lines-of-credit resulting from a lower average outstanding balance, and an increase in interest capitalization related to increased new restaurant construction activity. These decreases were partially offset by the amortization of debt issuance costs and debt discounts on the Company's $431.7 million convertible debt.

Other, net remained flat for the second quarter of fiscal 2003 as compared with the same period of fiscal 2002. During the second quarter of fiscal 2003, the Company recorded a $1.3 million gain from life insurance proceeds, which was offset by an approximate $950,000 increase in net savings plan obligations and increased equity losses related to the Company's share in equity method investees. Other, net decreased 0.1% for the first six months of fiscal 2003 as compared to the same period of fiscal 2002. The decrease was primarily due to gains from life insurance proceeds received during the first and second quarters of fiscal 2003 totaling approximately $3.5 million. These gains were partially offset by a $1.5 million increase in the Company's net savings plan obligations and a $1.2 million increase in equity losses.

INCOME TAXES

The Company's effective income tax rate decreased to 33.3% from 34.6% for the second quarter of fiscal 2003 and to 33.5% from 34.7% year-to-date of fiscal 2002. The decrease is primarily due to the non-taxable gains from life insurance proceeds.

NET INCOME AND NET INCOME PER SHARE

Net income for the second quarter and year-to-date of fiscal 2003 increased 7.5% and 10.7%, respectively, compared to the same periods of fiscal 2002. Diluted net income per share increased for the second quarter and year-to-date of fiscal 2003 8.6% and 12.2%, respectively, compared to the same periods of fiscal 2002. Excluding the after-tax effects of the provision for impaired assets and restaurant closings ($6.4 million), net income for the second quarter and year-to-date of fiscal 2003 increased 25.7% and 19.2%, respectively, compared to the same periods of fiscal 2002. Diluted net income per share, excluding the provision for impaired assets and restaurant closings, increased 25.7% and 21.5% for the second quarter and year-to-date of fiscal 2003, respectively, compared to the same periods of fiscal 2002. The increase in both net income and diluted net income per share, excluding the provision for impaired assets and restaurant closings, was primarily due to increasing revenues driven by increases in sales weeks, comparable store sales, and menu prices and decreases in cost of sales and general and administrative expenses, partially offset by increases in restaurant and depreciation and amortization expenses as a percent of revenues.

LIQUIDITY AND CAPITAL RESOURCES

The working capital deficit increased from $160.3 million at June 26, 2002 to $185.1 million at December 25, 2002. Net cash provided by operating activities increased to $213.7 million for the first six months of fiscal 2003 from $189.5 million during the same period in fiscal 2002 due to increased profitability and the timing of operational receipts and payments. The Company believes that its various sources of capital, including availability under existing credit facilities and cash flow from operating activities, are adequate to finance operations as well as the repayment of current debt obligations.

The Company's contractual obligations and credit facilities as of December 25, 2002 are as follows:

Payment Due by Period

	Total	Less than 1 Year	2-3 Years	4-5 Years	After 5 Years
	(in thousands)				
Convertible debt (a)	$ 258,493	$ -	$ -	$ -	$ 258,493
Senior notes	46,047	15,923	30,124	-	-
Credit facilities	35,700	-	35,700	-	-
Capital leases	85,875	5,328	9,431	9,157	61,959
Mortgage loan obligations	42,444	2,218	7,132	4,359	28,735
Operating leases	885,732	92,245	177,241	160,001	456,245

Amount of Credit Facility Expiration by Period (in thousands)

	Total Commitment	Less than 1 year (b)	2-3 Years	4-5 Years	Over 5 Years
Credit facilities	$ 375,000	$ 100,000	$ 275,000	$ -	$ -

(a) The convertible debt was issued at a discount representing a yield to maturity of 2.75% per annum. The $258.5 million balance is the accreted carrying value of the debt at December 25, 2002. The convertible debt will continue to accrete at 2.75% per annum and if held to maturity in October 2021 the obligation will total $431.7 million.

(b) The portion of the credit facilities that expires in less than one year is an uncommitted obligation giving the lenders the option not to extend the Company funding. However, the lenders have not exercised this option in the past and the Company anticipates that these funds will be available in the future. Should any or all of these obligations not be extended, the Company has adequate capacity under the committed facility, which does not expire until fiscal 2006.

In October 2002, the Company made an additional $1.8 million capital contribution to Rockfish Partnership increasing its ownership interest to 43%. Additionally, the Company continued its investment strategy related to Rockfish by entering into a note agreement (the "Note") with Rockfish Partnership in December 2002. The Note is intended to fund future Rockfish development and allows Rockfish Partnership to borrow up to $4.0 million, bears interest at LIBOR plus 1.5%, and matures in March 2003. Rockfish intends to replace the Note with long-term financing upon maturity. At December 25, 2002, $1.4 million was outstanding under the Note.

Capital expenditures consist of purchases of land for future restaurant sites, new restaurants under construction, purchases of new and replacement restaurant furniture and equipment, and ongoing remodeling programs. Capital expenditures, net of amounts funded under the respective equipment and real estate leasing facilities, were $155.9 million for the first six months of fiscal 2003 compared to $115.2 million for the same period of fiscal 2002. The increase is due primarily to an increase in the number of new store openings and the elimination of the use of equipment and real estate leasing facilities beginning in the third quarter of fiscal 2002. The Company estimates that its capital expenditures during the third quarter of fiscal 2003 will approximate $85 million. These capital expenditures will be funded entirely from operations and existing credit facilities.

Pursuant to the Company's stock repurchase plan, approximately 1,443,000 shares of its common stock were repurchased for $40.7 million during the first and second quarters of fiscal 2003. As of December 25, 2002, approximately 17.5 million shares had been repurchased for $368.3 million under the approved $410 million stock repurchase plan. The Company repurchases common stock to increase shareholder value, offset the dilutive effect of stock option exercises, satisfy obligations under its savings plans, and for other corporate purposes. The repurchased common stock is reflected as a reduction of shareholders' equity. The Company financed the repurchase program through a combination of cash provided by operations and drawdowns on its available credit facilities.

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

RECENT ACCOUNTING PRONOUNCEMENTS

In November 2002, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. ("FIN") 45 "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others". This interpretation supercedes FIN 34 "Disclosure of Indirect Guarantee of Indebtedness of Others". FIN 45 addresses the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under guarantees. It also requires that a guarantor recognize a liability, at the inception of a guarantee, for the fair value of the obligation undertaken in issuing the guarantee. The initial measurement and recognition provisions of FIN 45 are effective for guarantees issued or modified after December 31, 2002. The disclosure requirements are effective for interim or annual periods ending after December 15, 2002. There were no disclosures required during the second quarter of fiscal 2003 and the Company does not expect the adoption of the measurement and recognition provisions of this interpretation to have a material impact on its results of operations or financial position.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in the quantitative and qualitative market risks of the Company since the prior reporting period.

Item 4. CONTROLS AND PROCEDURES

Within the 90-day period prior to the filing of this report, an evaluation was carried out under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rule 13a-14(c) under the Securities Exchange Act of 1934). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

FORWARD-LOOKING STATEMENTS

The Company wishes to caution readers that the following important factors, among others, could cause the actual results of the Company to differ materially from those indicated by forward-looking statements made in this report and from time to time in news releases, reports, proxy statements, registration statements and other written communications, as well as verbal forward-looking statements made from time to time by representatives of the Company. Such forward-looking statements involve risks and uncertainties that may cause the Company's or the restaurant industry's actual results, level of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Factors that might cause actual events or results to differ materially from those indicated by these forward-looking statements may include matters such as future economic performance, restaurant openings, operating margins, the availability of acceptable real estate locations for new restaurants, the sufficiency of the Company's cash balances and cash generated from operating and financing activities for the Company's future liquidity and capital resource needs, and other matters, and are generally accompanied by words such as "believes," "anticipates," "estimates," "predicts," "expects" and similar expressions that convey the uncertainty of future events or outcomes. An expanded discussion of some of these risk factors follows.

Competition may adversely affect the Company's operations and financial results.

The restaurant business is highly competitive with respect to price, service, restaurant location and food quality, and is often affected by changes in consumer tastes, economic conditions, population and traffic patterns. The Company competes within each market with locally-owned restaurants as well as national and regional restaurant chains, some of which operate more restaurants and have greater financial resources and longer operating histories than the Company. There is active competition for management personnel and for attractive commercial real estate sites suitable for restaurants. In addition, factors such as inflation, increased food, labor and benefits costs, and difficulty in attracting hourly employees may adversely affect the restaurant industry in general and the Company's restaurants in particular.

The Company's sales volumes generally decrease in winter months.

The Company's sales volumes fluctuate seasonally, and are generally higher in the summer months and lower in the winter months, which may cause seasonal fluctuations in the Company's operating results.

Changes in governmental regulation may adversely affect the Company's ability to open new restaurants and the Company's existing and future operations.

Each of the Company's restaurants is subject to licensing and regulation by alcoholic beverage control, health, sanitation, safety and fire agencies in the state and/or municipality in which the restaurant is located. The Company has not encountered any difficulties or failures in obtaining the required licenses or approvals that could delay or prevent the opening of a new restaurant and although the Company does not, at this time, anticipate any occurring in the future, there can be no assurance that the Company will not experience material difficulties or failures that could delay the opening of restaurants in the future.

The Company is subject to federal and state environmental regulations, and although these have not had a material negative effect on the Company's operations, there can be no assurance that there will not be a material negative effect in the future. More stringent and varied requirements of local and state governmental bodies with respect to zoning, land use and environmental factors could delay or prevent development of new restaurants in particular locations. The Company is subject to the Fair Labor Standards Act, which governs such matters as minimum wages, overtime and other working conditions, along with the Americans With Disabilities Act, various family leave mandates, and a variety of other laws enacted by the states that govern these and other employment law matters. Although the Company expects increases in payroll expenses as a result of federal and state mandated increases in the minimum wage, and although such increases are not expected to be material, there can be no assurance that there will not be material increases in the future. However, the Company's vendors may be affected by higher minimum wage standards, which may result in increases in the price of goods and services supplied to the Company.

Inflation may increase the Company's operating expenses.

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 increasing menu prices, by reviewing, then implementing, alternative products or processes, or by implementing other cost-reduction procedures. There can be no assurance, however, that the Company will be able to continue to recover increases in operating expenses due to inflation in this manner.

Increased energy costs may adversely affect the Company's profitability.

The Company's success depends in part on its ability to absorb increases in utility costs. Various regions of the United States in which the Company operates multiple restaurants, particularly California, experienced significant increases in utility prices during the 2001 fiscal year. If these increases should recur, they will have an adverse effect on the Company's profitability.

If the Company is unable to meet its growth plan, the Company's profitability in the future may be adversely affected.

The Company's ability to meet its growth plan is dependent upon, among other things, its ability to identify available, suitable and economically viable locations for new restaurants, obtain all required governmental permits (including zoning approvals and liquor licenses) on a timely basis, hire all necessary contractors and subcontractors, and meet construction schedules. The costs related to restaurant and concept development include purchases and leases of land, buildings and equipment and facility and equipment maintenance, repair and replacement. The labor and materials costs involved vary geographically and are subject to general price increases. As a result, future capital expenditure costs of restaurant development may increase, reducing profitability. There can be no assurance that the Company will be able to expand its capacity in accordance with its growth objectives or that the new restaurants and concepts opened or acquired will be profitable.

Unfavorable publicity relating to one or more of the Company's restaurants in a particular brand may taint public perception of the brand.

Multi-unit restaurant businesses can be adversely affected by publicity resulting from poor food quality, illness or other health concerns or operating issues stemming from one or a limited number of restaurants. In particular, since the Company depends heavily on the "Chili's" brand for a majority of its revenues, unfavorable publicity relating to one or more Chili's restaurants could have a material adverse effect on the Company's business, results of operations and financial condition.

Other risk factors may adversely affect the Company's financial performance.

Other risk factors that could cause the Company's actual results to differ materially from those indicated in the forward-looking statements include, without limitation, changes in economic conditions, consumer perceptions of food safety, changes in consumer tastes, governmental monetary policies, changes in demographic trends, availability of employees, terrorist acts, and weather and other acts of God.

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

The Company's Proxy Statement dated September 24, 2002 for the Annual Meeting of Shareholders held on November 14, 2002, as filed with the Securities and Exchange Commission on September 24, 2002, is incorporated herein by reference.

(a) The Annual Meeting of Shareholders of the Company was held on November 14, 2002.

(b) Each of the management's nominees, as described in the Proxy Statement referenced above, was elected a director to hold office until the next Annual Meeting of Shareholders or until his or her successor is elected and qualified.

	Votes For	Votes Against or Withheld
Ronald A. McDougall	84,773,226	2,098,347
Douglas H. Brooks	86,460,108	411,465
Dan W. Cook, III	85,394,664	1,476,909
Marvin J. Girouard	84,572,097	2,299,476
Ronald Kirk	86,430,326	441,247
Jeffrey A. Marcus	86,385,916	485,657
Erle Nye	86,193,729	677,844
Cece Smith	84,574,970	2,296,603
James E. Oesterreicher	84,571,833	2,299,740
Roger T. Staubach	83,704,729	3,166,844

(c) The following matter was also voted upon at the meeting and approved by the shareholders:

(i) proposal regarding an amendment to the Stock Option and Incentive Plan

Votes For	67,825,429
Votes Against	18,947,662
Votes Abstained	98,482

(d)The following matter was also voted upon at the meeting and rejected by the shareholders:

(i) proposal regarding genetically engineered ingredients in food products

Votes For	4,779,957
Votes Against	58,670,236
Votes Abstained	15,978,796

Item 6. Exhibits and Reports on FORM 8-K
(a) Exhibits

99(1) Certification by Ronald A. McDougall, Chairman of the Board and Chief Executive Officer of the Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

99(2) Certification by Charles M. Sonsteby, Executive Vice President and Chief Financial Officer of the Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

A current report on Form 8-K, dated October 2, 2002 was filed with the Securities and Exchange Commission on October 2, 2002. This Form 8-K contained the statements under oath of the Principal Executive Officer and Principal Financial Officer issued in accordance with the Securities and Exchange Commission's order issued June 27, 2002 requiring the filing of sworn statements pursuant to Section 21(a)(1) of the Securities Exchange Act of 1934.

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: February 7, 2003

By: /s/ Ronald A. McDougall
Ronald A. McDougall,
Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

Date: February 7, 2003

By: /s/ Charles M. Sonsteby
Charles M. Sonsteby,
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATIONS

I, Ronald A. McDougall, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Brinker International, Inc.;

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 officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a. designed such disclosure controls and procedures 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. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 7, 2003

By: /s/ Ronald A. McDougall
Ronald A. McDougall,
Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

I, Charles M. Sonsteby, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Brinker International, Inc.;

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 officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a. designed such disclosure controls and procedures 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. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 7, 2003 By: /s/ Charles M. Sonsteby
Charles M. Sonsteby,
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 99(1)

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of Brinker International, Inc. (the "Company"), hereby certifies that the Company's Quarterly Report on Form 10-Q for the quarter ended December 25, 2002 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 7, 2003

By: /s/ Ronald A. McDougall
Ronald A. McDougall,
Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 99(2)

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of Brinker International, Inc. (the "Company"), hereby certifies that the Company's Quarterly Report on Form 10-Q for the quarter ended December 25, 2002 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 7, 2003

By: /s/ Charles M. Sonsteby
Charles M. Sonsteby,
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)