

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 24, 2020

Commission File Number 1-10275



BRINKER INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

DE

(State or other jurisdiction of
incorporation or organization)

3000 Olympus Blvd

Dallas TX

(Address of principal executive offices)

75-1914582

(I.R.S. Employer
Identification No.)

75019

(Zip Code)

(972) 980-9917

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock, \$0.10 par value	EAT	NYSE

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: \$1,886,522,845

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

Class	Outstanding at August 14, 2020
Common Stock, \$0.10 par value	45,065,101 shares

DOCUMENTS INCORPORATED BY REFERENCE

We have incorporated by reference portions of our Proxy Statement for our annual meeting of shareholders expected to be held on November 5, 2020 into Part III hereof, to the extent indicated herein.

BRINKER INTERNATIONAL, INC.
Annual Report on Form 10-K
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INTRODUCTION

Forward-Looking Statements

Information and statements contained in this Form 10-K, in our other filings with the SEC or in our written and verbal communications that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are generally accompanied by words like “believes,” “anticipates,” “estimates,” “predicts,” “expects,” “plans,” “intends,” “projects,” “continues” and other similar expressions that convey uncertainty about future events or outcomes.

Forward-looking statements are based on our current plans and expectations and involve risks and uncertainties which could cause actual results to differ materially from our historical results or from those projected in forward-looking statements, and are currently, or in the future could be, amplified by the novel strain of the coronavirus (“COVID-19”) pandemic. Such risks and uncertainties include, among other things, uncertainty of the magnitude, duration, geographic reach and impact of the COVID-19 pandemic on local, national and global economies; the current, and uncertain future, impact of the COVID-19 pandemic and governments’ responses to it on our industry, business, growth, reputation, projections, prospects, financial condition, operations, cash flows, and liquidity; the adequacy or effectiveness of steps we take to respond to the COVID-19 crisis, including cost reduction or other mitigation programs; the impact of competition; changes in consumer preferences; consumer perception of food safety; reduced disposable income; unfavorable publicity; increased minimum wages; governmental regulations; the impact of mergers, acquisitions, divestitures and other strategic transactions; the Company’s ability to meet its business strategy plan; loss of key management personnel; failure to hire and retain high-quality restaurant management; the impact of social media; failure to protect the security of data of our guests and team members; product availability; regional business and economic conditions; litigation; franchisee success; inflation; changes in the retail industry; technology failures; failure to protect our intellectual property; outsourcing; impairment of goodwill or assets; failure to maintain effective internal control over financial reporting; actions of activist shareholders; adverse weather conditions; terrorist acts; health epidemics or pandemics (such as COVID-19); and tax reform; as well as the risks and uncertainties described in Part I, Item 1A. Risk Factors and uncertainties that generally apply to all businesses.

We wish to caution you against placing undue reliance on forward-looking statements because of these risks and uncertainties. Except as required by law, we expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. We further caution that it is not possible to identify all risk and uncertainties, and you should not consider the identified factors as a complete list of all risks and uncertainties.

PART I

ITEM 1. BUSINESS

General

References to “Brinker,” the “Company,” “we,” “us,” and “our” in this Form 10-K refer to Brinker International, Inc. and its subsidiaries and any predecessor companies of Brinker International, Inc.

We own, develop, operate and franchise the Chili’s® Grill & Bar (“Chili’s”) and Maggiano’s Little Italy® (“Maggiano’s”) restaurant brands. The Company was organized under the laws of the State of Delaware in September 1983 to succeed to the business operated by Chili’s, Inc., a Texas corporation, which was organized in August 1977. We completed the acquisition of Maggiano’s in August 1995.

Impact of COVID-19

In March 2020, a novel strain of coronavirus (“COVID-19”) was declared a global pandemic and a National Public Health Emergency. The spread of COVID-19 resulted in a significant reduction in sales at our restaurants due to changes in consumer behavior as well as social distancing practices, dining room closures and other restrictions that have been mandated or encouraged by federal, state and local governments. At the end of the third quarter of fiscal 2020, we temporarily closed all Company-owned restaurant dining and banquet rooms as we transitioned to an off-premise business model and temporarily delayed our expansion plans. Beginning on April 27, 2020, we began to reopen certain

dining room locations as permitted by governments. At the end of fiscal 2020, as of June 24, 2020, and more recently as of our first period of fiscal 2021 ended July 29, 2020, 94.9% and 84.0%, respectively, of our Company-owned restaurant dining rooms or patios were open in a limited capacity. We do not yet know the full extent of the effects of the COVID-19 pandemic on the economy, the markets we serve, our industry, our business or our operations.

Both Chili's and Maggiano's have been able to serve our guests during the COVID-19 pandemic as a result of our strategic decision to invest in technology, training and partnerships that enable online ordering, mobile app ordering, curbside service and third-party delivery. As a result, our off-premise sales in the third and fourth quarters of fiscal 2020 grew significantly during the COVID-19 pandemic, although these increases did not fully off-set the lost dining room sales due to the dining room closures. We are committed to strategies and a Company culture that we believe are centered on a guest experience. This includes bringing guests back safely, growing long-term sales and profit, engaging team members and working to return our business to pre-pandemic levels. Our strategies and culture are intended to differentiate our brands from the competition, effectively and efficiently manage our restaurants and establish a lasting presence for our brands in key markets around the world.

In the fourth quarter of fiscal 2020, the United States government passed a \$2.0 trillion Coronavirus Aid, Relief and Economic Security Act ("CARES Act") designed primarily to help keep businesses running during and after the pandemic. The CARES Act included provisions for certain deductions and tax credits, filing deadline extensions, filing payment deadlines and making available certain grant money to assist in this crisis. As of June 24, 2020, this package allowed us to take advantage of credits, deferments, and deductions. Additional information regarding the impact of the COVID-19 pandemic on our business and CARES Act is set forth within Part II Item 1A. Risk Factors, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and Item 8. Financial Statements and Supplementary Data, Notes to the Consolidated Financial Statements, Note 2 - Novel Coronavirus Pandemic and Note 9 - Income Taxes of this Annual Report on Form 10-K.

Restaurant Brands

Chili's Grill & Bar

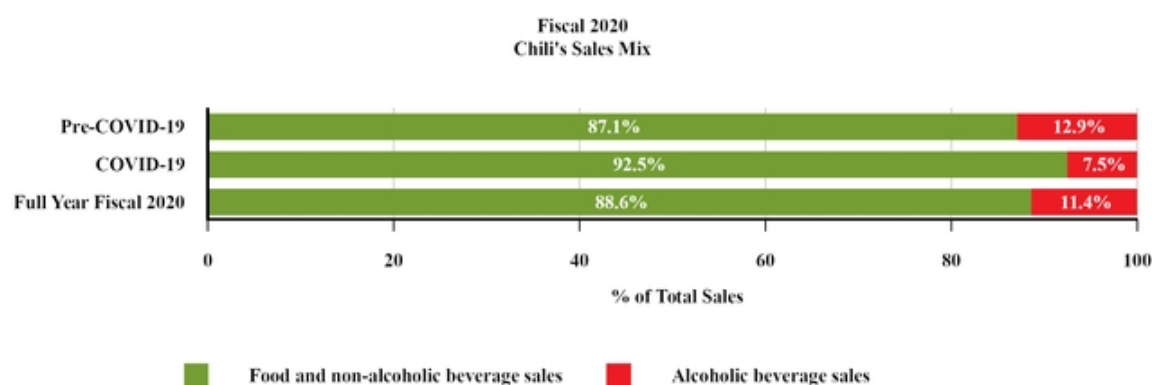
Chili's, a recognized leader in the bar & grill category of casual dining, has been operating restaurants for over 45 years. Chili's enjoys a global presence with restaurants in the United States, 28 countries and two United States territories. Whether domestic or international, Company-owned or franchised, Chili's is dedicated to delivering fresh, high-quality food with a unique point of view, as well as dining experiences that make guests feel special. Historically, Chili's menu has featured bold, kicked-up American favorites. Chili's has built a reputation for gourmet burgers, sizzling fajitas, baby back ribs and hand-shaken margaritas. We have refocused on and reinvested in these core equities, and we plan to continue to innovate our food offerings within these core menu platforms. We believe our focused menu, our "Chilihead" culture, our focus on standards and our reputation for hospitality will allow Chili's to differentiate our food and service from other restaurants.

We also believe that guests are evolving not only their standards of food quality but also their expectations of convenience. Chili's to-go menu is available on our www.chilis.com website, through our mobile app, our exclusive delivery partner DoorDash, or by calling the restaurant.

In fiscal 2019, we relaunched our My Chili's Rewards program and began offering free chips and salsa or a non-alcoholic beverage to members based on their visit frequency. We customize offerings for our guests based on their purchase behavior, and we continue to shift more of our overall marketing spend to these customized channels and promotions. We expect this strategy to continue to give us a sustained competitive advantage over independent restaurants and the majority of our competitors.

In the fiscal year ended June 24, 2020, at our Company-owned restaurants, entrée selections ranged in menu price from \$8.00 to \$19.49. For the full fiscal year, including the impact of the COVID-19 pandemic, our average annual net sales per Company-owned Chili's restaurant during fiscal 2020 was \$2.6 million, and the average revenue per meal, including alcoholic beverages, was approximately \$15.80 per person. Before the COVID-19 pandemic, in the first eight months of fiscal 2020, average net sales on an annualized basis per Company-owned Chili's was \$2.8 million, and the average revenue per meal, including alcoholic beverages, was approximately \$16.04 per person. The COVID-19 pandemic shifted consumer behavior to higher off-premise orders in the last four months of fiscal 2020, such that our

average net sales on an annualized basis per Company-owned Chili's restaurant was \$2.1 million, and the average revenue per meal during this COVID-19 impacted period, including alcoholic beverages, was approximately \$15.20 per person. The ability to sell alcoholic beverages off-premise varied by jurisdiction. The sales mix of Chili's total revenues for fiscal 2020, and before and during the COVID-19 pandemic months was as follows:

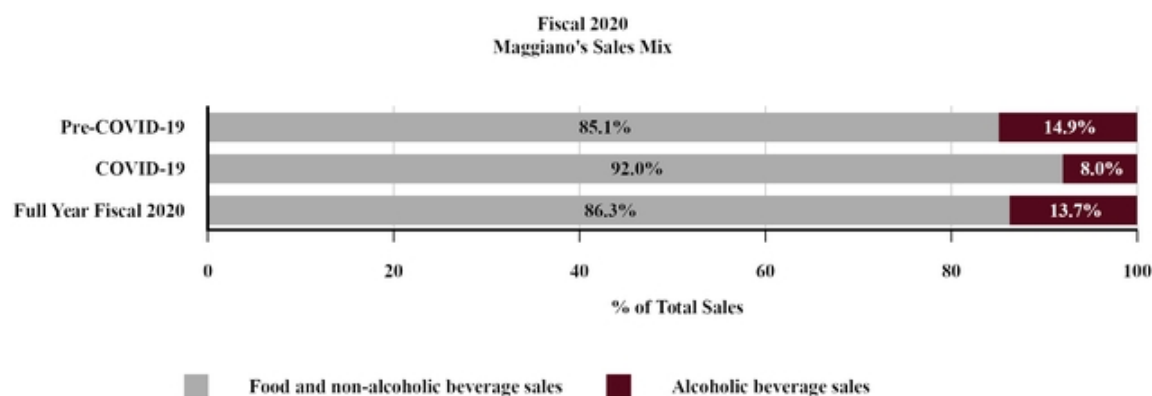


Maggiano's Little Italy

Maggiano's is a full-service, national, polished casual restaurant brand offering Italian-American cuisine. With a passion for making people feel special, the brand is known for catering to special occasions and large parties. Each Maggiano's location is uniquely designed and features open dining rooms with fresh flowers, rich woods, warm carpets and soft lighting. Most locations feature designated banquet facilities and all offer catering for large parties at homes or local businesses. Our full carryout menu is also available for pick up or delivered through a third party service. Each Maggiano's has an executive chef preparing authentic recipes from scratch ingredients. Dishes are served in abundant portions both à la carte and family style. We offer a full range of lunch and dinner options, complimented by a premium wine list and handcrafted cocktails. On Saturdays and Sundays, all Maggiano's restaurants offer a brunch menu alongside our lunch menu.

In the fiscal year ended June 24, 2020, entrée selections ranged in menu price from \$10.50 to \$41.99. For the full fiscal year, including the impact of the COVID-19 pandemic, our average annual sales per Maggiano's restaurant was \$6.4 million, and the average revenue per meal, including alcoholic beverages, was approximately \$27.85 per person. Before the COVID-19 pandemic, in the first eight months of fiscal 2020, average net sales on an annualized basis per Company-owned Maggiano's was \$7.9 million and the average revenue per meal, including alcoholic beverages, was approximately \$29.18 per person. The COVID-19 pandemic caused closed and reduced capacity dining and banquet rooms, and shifted consumer behavior to higher off-premise orders in the last four months of fiscal 2020, such that average net sales on an annualized basis per Company-owned Maggiano's was \$3.2 million, and the average revenue per meal during this COVID-19 period, including alcoholic beverages, was approximately \$22.66 per person.

For the full fiscal year, sales from events at our banquet facilities made up 15.7% of Maggiano's total revenues. Before the COVID-19 pandemic, sales from events at our banquet facilities made up 17.7% of Maggiano's total restaurant revenues in the first eight months of fiscal 2020. Banquet sales during the four month pandemic period of fiscal 2020 made up 0.5% of total restaurant revenues. Additionally, the ability to sell alcoholic beverages off-premise varied by jurisdiction. The sales mix of Maggiano's total revenues for fiscal 2020, and before and during the COVID-19 pandemic months was as follows:



Business Strategy

This information is set forth within Part II, Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations - Overview section of this Annual Report on Form 10-K.

Company Development

During fiscal 2020, we continued the expansion of our restaurant brands domestically through a select number of new Company-owned restaurants in strategically desirable markets pre-pandemic. Although we are focused on continued expansion, the COVID-19 pandemic has caused various government restrictions and, as of the fourth quarter of fiscal 2020 we temporarily delayed construction of new restaurants and the other expansion activities described below until we believe we will be able to safely resume.

We concentrate on the development of certain identified markets that are most likely to improve our competitive position and achieve the desired level of marketing potential, profitability and return on invested capital. Our domestic expansion efforts focus not only on major metropolitan areas in the United States but also on smaller market areas and partnerships with franchisees to enter non-traditional locations (such as airports and universities) that can adequately support our restaurant brands. For smaller market areas, we have developed a smaller Chili's prototype building that allows us to expand into these markets and serve our guests while maintaining a focus on profitability and return on invested capital.

The restaurant site selection process is critical, and we devote significant effort to the investigation of new locations utilizing a variety of sophisticated analytical techniques. Members of each brand's executive team inspect, review and approve each restaurant site prior to its lease or acquisition for that brand. Our process evaluates a variety of factors, including:

- Trade area demographics, such as target population density and household income levels;
- Physical site characteristics, such as visibility, accessibility and traffic volume;
- Relative proximity to activity centers, such as shopping centers, hotel and entertainment complexes and office buildings; and

- Supply and demand trends, such as proposed infrastructure improvements, new developments and existing and potential competition.

The specific rate at which we are able to open new restaurants is determined, in part, by our success in locating satisfactory sites, negotiating acceptable lease or purchase terms, securing appropriate local governmental permits and approvals, and by our capacity to supervise construction and recruit and train management and hourly team members. The following table illustrates the Company-owned restaurants opened in fiscal 2020 and the projected openings in fiscal 2021. The fiscal 2021 projected openings, which reflect our response to the COVID-19 pandemic, are still however subject to change based on the extent and duration of the COVID-19 pandemic:

	Fiscal 2020	Fiscal 2021
	Fiscal Year Openings	Full Year Projected Openings
New Openings		
Company-owned restaurants		
Chili's domestic	6	7
Chili's international	0	0
Maggiano's domestic	0	0
Total Company-owned	6	7
Relocation Openings		
Chili's domestic Company-owned relocations	0	2

We periodically re-evaluate Company-owned restaurant sites to monitor that attributes have not deteriorated below our minimum standards. In the event site deterioration occurs, each brand makes a concerted effort to improve the restaurant's performance by providing physical, operating and marketing enhancements unique to each restaurant's situation. In some cases the brand considers relocation to a proximate, more desirable site, or evaluates closing the restaurant if the brand's measurement criteria, such as cash flow and area demographic trends, do not support relocation.

During fiscal 2020, and due to the COVID-19 pandemic restrictions, there were no relocations of any Company-owned restaurants. In fiscal 2021, we plan to relocate up to two Company-owned Chili's restaurants provided conditions improve surrounding the pandemic. Also during fiscal 2020, excluding temporary closures due to the pandemic, we permanently closed seven Company-owned Chili's restaurants that were generally performing below our standards or were near or at the expiration of their lease terms. Our strategic plan is targeted to support our long-term growth objectives, with a focus on continued development of those restaurant locations that have the greatest return potential for the Company and our shareholders.

Franchise Development

In addition to development of our Company-owned restaurants, we pursue expansion through our franchisees. The following table illustrates the franchise restaurants opened in fiscal 2020 and the projected openings in fiscal 2021. The fiscal 2021 projected openings, which reflect the response to the COVID-19 pandemic, are still however subject to change based on the extent and duration of the COVID-19 pandemic:

	Fiscal 2020	Fiscal 2021
	Fiscal Year Openings	Full Year Projected Openings
New Openings		
Franchise restaurants		
Chili's domestic	2	1-3
Chili's international	23	6-9
Maggiano's domestic	0	1
Total franchise	25	8-13

The following table illustrates the percentages of franchise operations out of the total Company-owned and franchise operations as of June 24, 2020 by restaurant brand:

	Percentage of Franchise Operated Restaurants		
	Domestic ⁽¹⁾	International ⁽²⁾	Overall ⁽³⁾
Brinker	14%	99%	33%
Chili's	14%	99%	34%
Maggiano's	2%	—%	2%

(1) Domestic - the percentages in this column are based on number of domestic franchised restaurants versus total domestic restaurants.

(2) International - the percentages in this column are based on number of international franchised restaurants versus total international restaurants.

(3) Overall - the percentages in this column are based on the total number of franchised restaurants (domestic and international) versus total system-wide number of restaurants.

International Franchise

We continue our international growth through development agreements with new and existing franchise partners, introducing Chili's to new countries and expanding the brand within our existing markets. As of June 24, 2020, we have 18 total development arrangements. During fiscal 2020, we opened 23 new locations, and entered into one new arrangement with an existing franchise partner. We plan to strategically pursue expansion of Chili's internationally in areas where we see the most growth opportunities. Our international agreements provide the vehicle for payment of development fees and initial franchise fees in addition to subsequent royalty fees based on the gross sales of each restaurant. We expect future agreements to remain limited to enterprises that demonstrate a proven track record as a restaurant operator and showcase financial strength that can support a multi-unit development agreement.

Domestic Franchise

As of June 24, 2020, one domestic development arrangement existed. Similar to our international agreements, a typical domestic agreement provides for payment of development and initial franchise fees in addition to subsequent royalty and advertising fees based on the gross sales of each restaurant. We have from time to time purchased restaurants from our franchisees in order to support our growth objectives in certain markets. In fiscal 2020, we purchased 116 previously franchised Chili's restaurants located in the Midwest United States. This acquisition represented an opportunity to

create value for our shareholders and generate additional earnings and cash flow growth. We remain committed to supporting the growth of our existing franchisees.

Restaurant Management

Our Chili's and Maggiano's brands have separate designated teams who support each brand, including operations, finance, franchise, marketing, human resources and culinary. We believe these strategic, brand-focused teams foster the identities of the individual and uniquely positioned brands. To maximize efficiencies, brands continue to utilize common and shared infrastructure, including, among other services, accounting, information technology, purchasing, guest relations, legal, and restaurant development.

At the restaurant level, management structure varies by brand. A typical restaurant is led by a management team including a general managing partner, two additional managers and shift leaders and for Maggiano's, an additional three to four chefs. The level of restaurant supervision depends upon the operating complexity and sales volume of individual locations. We believe there is a high correlation between the quality of restaurant management and the long-term success of a brand. In that regard, we encourage increased experience at all management positions through various short and long-term incentive programs, which may include equity ownership. These programs, coupled with a general management philosophy emphasizing quality of life, have enabled us to attract and retain key team members, and enjoy lower turnover of managers and team members that we believe is below industry averages.

We strive to ensure consistent quality standards in our brands through the issuance of operational manuals covering all elements of operations and food and beverage manuals, which provide guidance for preparation of brand-formulated recipes. Routine visitation to the restaurants by all levels of supervision enforces strict adherence to our overall brand standards and operating procedures. Each brand is responsible for maintaining their operational training program. Depending on the brand, the training program typically includes a training period of two to three months for restaurant management trainees, as well as special training for high-potential team members and managers. We also provide recurring management training for managers and supervisors to improve effectiveness or prepare them for more responsibility.

Supply Chain

Our ability to maintain consistent quality and continuity of supply throughout each restaurant brand depends upon acquiring products from reliable sources. Our approved suppliers and our restaurants are required to adhere to strict product and safety specifications established through our quality assurance and culinary programs. These requirements are intended to ensure high-quality products are served in each of our restaurants. We strategically negotiate directly with major suppliers to obtain competitive prices. We also use purchase commitment contracts when appropriate to stabilize the potentially volatile pricing associated with certain commodity items. All essential products are available from pre-qualified distributors to be delivered to our restaurant brands. We have not experienced significant supply chain disruptions during the COVID-19 pandemic.

Additionally, as a purchaser of a variety of food products, we require our suppliers to adhere to our supplier code of conduct, which sets forth our expectation on business integrity, food safety and food ingredients, animal welfare and sustainability. Due to the relatively rapid turnover of perishable food products and inventories in the restaurants, which consist primarily of food, beverages and supplies, our inventories have a modest aggregate dollar value in relation to revenues. Internationally, our franchisees may encounter cultural and regulatory differences resulting in variances with product specifications for international restaurant locations.

Advertising and Marketing

Our primary focus for developing menu innovation and targeting our digital advertising and loyalty program direct promotions are the Generation X and Millennial families who desire quality food, good value and a service experience that allows them to connect with family and friends. These young families represent a significant percentage of our guest base today and, we believe, will only grow in importance in the years ahead. During the COVID-19 pandemic, we have focused our advertising towards off-premise offerings and have reduced advertising spend in certain channels to conserve resources.

Our domestic Chili's franchise agreements generally require advertising contributions to us by the franchisees. We use these contributions, in conjunction with Company funds, for the purpose of retaining advertising agencies, obtaining consumer insights, developing and producing brand-specific creative materials and purchasing national or regional media to meet the brand's strategy. Some franchisees also spend additional amounts on local advertising. Any such local advertising is required to be approved by us.

Maggiano's, as a "polished casual" restaurant with 53 Company-owned and franchise-operated locations, primarily targets guests from affluent households who live and work around the higher-end malls where the majority of Maggiano's restaurants are located. Maggiano's relies on digital marketing, direct marketing, social media and word of mouth to advertise to new guests.

Team Members

Our employee base as of June 24, 2020, consisted of approximately 62.2 thousand team members (which includes 14.7 thousand furloughed restaurant team members), of which 0.5 thousand were corporate personnel located in Dallas, Texas, 4.7 thousand were restaurant leaders such as regional and area directors, managers, or trainees, and 57.0 thousand were non-management restaurant positions. Our executive officers have an average of 25 years of experience in the restaurant industry.

As a result of COVID-19 dining room closures, at the end of our third quarter of fiscal 2020, we had furloughed approximately 34.0 thousand hourly restaurant positions from both Chili's and Maggiano's brands, as we temporarily transitioned to a substantially smaller workforce to execute on the critical activities of the business. We were able to bring back certain furloughed employees as dining rooms reopened and sales increased during the fourth quarter of fiscal 2020. As of the end of our first period of fiscal 2021, ended July 29, 2020, 4.6 thousand employees remain on furlough that we anticipate bringing back as our business operations allow.

In addition to the restaurant furloughs, we also temporarily reduced the base salaries of our executive officers and corporate staff for approximately two months during the fourth quarter of fiscal 2020 by varying amounts ranging from 8% to 50%. Additionally, effective May 10, 2020, employer matching contributions to the 401(k) defined contribution plan were stopped for all eligible employees. As of the end of the fourth quarter of fiscal 2020, base salaries resumed to pre-COVID-19 pandemic amounts.

In a competitive labor market we have developed and maintain key recruitment and retention strategies. We focus on helping our team members turn their restaurant jobs into lasting careers. These career paths are made possible by a number of development programs, including Best You EDU, a no-cost education program providing foundational learning, ESL, GED, and associate's degree programs, and the Certified Shift Leader program which is accredited as an apprenticeship through the National Restaurant Association Education Foundation and United States Department of Labor, and is intended to give hourly team members a clear path into management. While developing these programs, we have simultaneously launched all-new digital training for team members at all levels of the Company that uses digital technology and innovative learning methodologies to set our team members up for success as part of our commitment to develop future leaders in the restaurant industry.

The majority of our team members, outside of restaurant management and restaurant support and corporate personnel, are paid on an hourly basis. We stand firm in the belief that we provide competitive working conditions and wages favorable to other companies in our industry. Our team members are not covered by any collective bargaining agreements.

Trademarks

We have registered or have pending, among other marks, "Brinker International", "Chili's", "Chili's Too", "Maggiano's", and "Maggiano's Little Italy", as trademarks with the United States Patent and Trademark Office.

Available Information

We maintain an internet website with the address of <http://www.brinker.com>. You may obtain at our website, free of charge, copies of our reports filed with, or furnished to, the Securities and Exchange Commission (the "SEC") on Forms 10-K, 10-Q and 8-K. The SEC also maintains an internet website, with the address of www.sec.gov, which

contains reports, proxy and information statements, and other information filed electronically or furnished with the SEC.

In addition, you may view and obtain, free of charge, at our website, copies of our corporate governance materials, including: Corporate Governance Guidelines, Audit Committee Charter, Compensation Committee Charter, Governance and Nominating Committee Charter, Code of Conduct for the Board of Directors, Brinker International Code of Conduct - Making People Feel Special, and Policy Governing the Improper Use of Materials. The information contained on our website is not a part of this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

We caution you that our business, financial condition and results of operations are subject to a number of risks and uncertainties that make an investment in our securities risky. The risk factors listed below could cause actual results to differ materially from our historical results or from those projected in forward-looking statements contained in this report, our other filings with the SEC, our news releases, or our other verbal or written communications. In addition to the effects of the COVID-19 pandemic and resulting disruptions on our business and operations and in the risk factors below, additional risks and uncertainties that are currently not known or believed by us to be immaterial may also have a material negative impact on our business, financial condition and results of operations. In any such event, the trading price of our securities could decline and you could lose all or part of your investment.

Additionally, the COVID-19 pandemic has had, and is expected to continue to have, a material adverse impact on our business, financial condition, and results of operations, as well as those of many of our customers, suppliers, and local, national, and global economies. The COVID-19 pandemic has also amplified many of the other risks discussed below to which we are subject. We are unable to predict the extent to which the pandemic and its related impacts will adversely impact our business, financial condition, and results of operations as well as our stock price. However, given the unpredictable, unprecedented, and fluid nature of the pandemic, it may also materially and adversely affect our business, financial condition, and results of operations in ways that are not currently anticipated by or known to us or that we do not currently consider to present significant risk.

The novel coronavirus (COVID-19) pandemic has materially disrupted and is expected to continue to materially disrupt for an extended period of time our business, operations, financial condition and results of operations.

The COVID-19 pandemic has had a material adverse effect on our business. The COVID-19 pandemic, federal, state and local government responses to COVID-19, our guests' responses to the pandemic, and our Company's responses to the pandemic have all disrupted and will continue to disrupt our business and our industry. In the United States, as well as globally, individuals are being encouraged to practice social distancing, restricted from gathering in groups, and in some areas are restricted from non-essential movements outside of their homes, all of which impacts our ability to operate our business.

Our fiscal 2020 results include the decline in Company sales compared to fiscal 2019 primarily due to the COVID-19 pandemic. At the end of the third quarter of fiscal 2020, we temporarily closed all Company-owned restaurant dining and banquet rooms as we transitioned to an off-premise business model and temporarily delayed our expansion plans. Beginning on April 27, 2020, we began to reopen certain dining room locations as permitted by governments. At the end of fiscal 2020, as of June 24, 2020, and more recently as of our first period of fiscal 2021 ended July 29, 2020, 94.9% and 84.0%, respectively, of our Company-owned restaurant dining rooms or patios were open in a limited capacity.

In response to the pandemic, during the fourth quarter of fiscal 2020, we shifted to off-premise and then limited dining room re-opening based on regulatory requirements. We also modified work hours for our team members, implemented enhanced safety protocols, and identified and implemented cost savings measures throughout our operations. In fiscal 2020, we incurred approximately \$12.2 million of expenses related to our response to the pandemic primarily related to employee relief payments, net of CARES Act employee retention tax credits, supplies such as sanitizer and face masks, and inventory spoilage. We expect to incur higher ongoing expenses related to additional cleaning and safety supplies for the duration of the pandemic. In response to the pandemic, during the fourth quarter of fiscal 2020, certain landlords have provided temporary rent concessions. These concessions primarily relate to the deferral of certain fourth quarter of fiscal 2020 rent payments until future periods. However, we have not reached agreement with all landlords

and, we cannot provide any assurances regarding whether similar concessions will be granted in the future. Refer to Part II, Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 2 - Novel Coronavirus Pandemic within Part II, Item 8 - Financial Statements and Supplementary Data Notes to the Consolidated Financial Statements for more information regarding the financial impact of the pandemic.

Based on government mandates, it is also possible that we may have to close some or all of our re-opened dining rooms if the pandemic persists or worsens or if cases of COVID-19 increase in certain geographic areas, in each case reverting back to off-premise only model in such locations. We cannot predict the speed at which we will be able to re-open our dining rooms at full capacity, or whether we will be able to do so at all, as this will depend in part on the actions of a number of governmental bodies over which we have no control.

The COVID-19 pandemic's impact on the economy in general, globally, nationally and locally, could also adversely affect our guests' financial condition, resulting in reduced spending at restaurants. The COVID-19 pandemic and these responses have affected and will continue to adversely affect our guest traffic, sales and operating costs and we cannot predict how long the pandemic will last or what other government responses may occur. Moreover, once restrictions are lifted, it is unclear whether guests will be comfortable dining out and, if so, how quickly guests will return to our restaurants, which may be a function of continued concerns over safety and/or depressed consumer sentiment due to adverse economic conditions, including job losses, and other factors that are beyond our control. Any failure of consumers to return to pre-pandemic dining patterns could have a long-term material adverse impact on us and our future prospects.

The equity markets in the United States have been extremely volatile due to the COVID-19 pandemic and our stock price has fluctuated significantly and may continue to do so. If the business interruptions caused by COVID-19 continue indefinitely or last longer than we expect, we may need to seek other sources of liquidity. The COVID-19 pandemic has created significant disruption and extreme volatility in global capital markets and is adversely affecting the availability of liquidity generally in the credit markets, and there can be no guarantee that additional liquidity will be readily available on favorable terms, especially the longer the COVID-19 pandemic lasts, or available at all. As discussed in this report, we have amended our revolving credit facility to preserve liquidity and allow us financial flexibility, including waiving of certain debt covenant compliance for a limited time. In the fourth quarter of fiscal 2020, our Board of Directors voted to suspend the quarterly cash dividend and share repurchase program due to uncertainty surrounding the duration of closures of our dining rooms and other restrictions mandated by state and local governments in response to COVID-19. Additionally, under the terms of our revolving credit facility, as recently amended, we are prohibited from making dividends, stock repurchases and investments from the fourth quarter of fiscal 2020 through the third quarter of fiscal 2021, and following this period, we will be subject to a \$50.0 million aggregate limitation on dividends, stock repurchases and investments. A material increase in our level of debt or material impairments of our assets could cause our debt to total cash flow ratio to exceed the maximum level permitted under the covenant in our revolving credit facility agreement.

Additionally, certain of our restaurants have been further disrupted when a team member has been diagnosed with COVID-19 or exposed to a person with a confirmed positive diagnosis of COVID-19. In the event a team member has been diagnosed with COVID-19, our policy requires temporary closure of the restaurant, quarantine of some or all of a restaurant's employees and disinfection of the restaurant facilities. Additionally, if a team member has direct contact with a friend or family member with a confirmed positive diagnosis of COVID-19, such team member must exclude himself or herself from work for a certain period of time. If a significant percentage of our workforce is unable to work, whether because of illness, quarantine, limitations on travel or other government restrictions in connection with COVID-19, our operations will be negatively impacted, potentially materially adversely affecting our liquidity, financial condition or results of operations. If an outbreak is traced to one or more of our locations, it could impact our reputation and subject us to legal claims. Additionally, we have implemented COVID-19 emergency pay policies and taken other employee compensation relief actions to support our restaurant team members during the COVID-19 business interruption, but those actions may not be sufficient to compensate our team members for the entire duration of any business interruption resulting from COVID-19. Those team members might seek and find other employment during that interruption, which could materially adversely affect our ability to properly staff and reopen our dining rooms with experienced team members when permitted to do so by governments.

We have not experienced any significant issues related to suppliers, however, our suppliers could be adversely impacted by the COVID-19 pandemic. If our suppliers' employees are unable to work, whether because of illness, quarantine, limitations on travel or other government restrictions in connection with COVID-19, or if the supply chain is disrupted for any other reason such as travel limitations and other restrictions on commerce, we could face shortages of food items or other supplies at our restaurants and our operations and sales could be adversely impacted by such supply interruptions.

Considering the significant uncertainty as to our ability to increase sales to levels we achieved before the COVID-19 pandemic based on aforementioned uncertainties and other known and unknown risks related to the pandemic, refer to Part I, Item 1 - Business Part II, Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations discussions on Liquidity for further information of our future growth. Additionally, the impact of COVID-19, and the volatile regional and global economic conditions stemming from the pandemic, may also precipitate or exacerbate other risks discussed in this Item 1A - Risk Factors and elsewhere in this report, any of which could have a material effect on us. This situation is changing rapidly and additional effects may arise that we are not presently aware of or that we currently do not consider to present significant risks to our operations. If we are not able to respond to and manage the impact of such events effectively, our business and financial condition will be negatively impacted.

Competition may adversely affect our operations and financial results.

The restaurant business is highly competitive as to price, service, restaurant location, convenience, and type and quality of food. We compete within each market with locally-owned restaurants as well as national and regional restaurant chains. The casual dining segment of the restaurant industry has not seen significant growth in customer traffic in recent years, and seen a significant decrease as a result of the COVID-19 pandemic. If these trends continue, our ability to grow customer traffic at our restaurants (including through off-premise) will depend on our ability to increase our market share within the casual dining segment. We also face competition from quick service and fast casual restaurants; the convergence in grocery, deli and restaurant services; and meal kit and food delivery providers. We compete primarily on the quality, variety and value perception of menu items, as well as the quality and efficiency of service, the attractiveness of facilities and the effectiveness of advertising and marketing programs. Although we may implement a number of business strategies, the success of new products, initiatives and overall strategies is highly difficult to predict. If we are unable to compete effectively, our gross sales, guest traffic and profitability may decline.

Changes in consumer preferences may decrease demand for food at our restaurants.

Changing health or dietary preferences may cause consumers to avoid our products in favor of alternative foods. The food service industry as a whole depends on consumer preferences at the local, regional, national and international levels. New information or changes in dietary, nutritional or health insurance guidelines, whether issued by government agencies, academic studies, advocacy organizations or similar groups, may cause consumers to select foods other than those that are offered by our restaurants. We may not be able to adequately adapt our menu offerings to keep pace with developments in current consumer preferences, which may result in reductions to the revenues generated by our Company-owned restaurants and the payments we receive from franchisees.

Food safety incidents at our restaurants or in our industry or supply chain may adversely affect customer perception of our brands or industry and result in declines in sales and profits.

Regardless of the source or cause, any report of food-borne illnesses or other food safety issues at one of our restaurants or our franchisees' restaurants could irreparably damage our brand reputations and result in declines in customer traffic and sales at our restaurants. A food safety incident may subject us to regulatory actions and litigation, including criminal investigations, and we may be required to incur significant legal costs and other liabilities. Food safety incidents may occur in our supply chain and be out of our control. Health concerns or outbreaks of disease in a food product could also reduce demand for particular menu offerings. Even instances of food-borne illness, food tampering or food contamination occurring solely at restaurants of our competitors could result in negative publicity about the restaurant industry generally and adversely affect our sales or cause us to incur additional costs to implement food safety protocols beyond industry standards. The occurrence of food-borne illnesses or food safety issues could also adversely affect the price and availability of affected ingredients, resulting in higher costs and lower margins.

Global and domestic economic conditions negatively impact consumer discretionary spending and could have a material negative effect on our financial performance.

The restaurant industry is dependent upon consumer discretionary spending, which is negatively affected by global and domestic economic conditions, such as: slow or negative growth, unemployment, credit conditions and availability, volatility in financial markets, inflationary pressures, weakness in the housing market, tariffs and trade barriers, pandemics or public health concerns, and changes in government and central bank monetary policies. When economic conditions negatively affect consumer incomes, such as the ongoing COVID-19 pandemic, discretionary spending for restaurant visits will be challenged, our guest traffic may deteriorate and the average amount guests spend in our restaurants may be reduced. This will negatively impact our revenues and also result in lower royalties collected, spreading fixed costs across a lower level of sales, and in turn, cause downward pressure on our profitability. This could result in further reductions in staff levels, asset impairment charges and potential restaurant closures. There is no assurance that any governmental plans related to the economy to restore fiscal responsibility or future plans to stimulate the economy will foster growth in consumer confidence, consumer incomes or consumer spending.

Unfavorable publicity relating to one or more of our 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, customer complaints, litigation, illness or health concerns or other issues stemming from one or a limited number of restaurants, regardless of whether such events have a factual basis. In particular, since we depend heavily on the Chili's brand for a majority of our revenues, unfavorable publicity relating to one or more Chili's restaurants could have a material adverse effect on the Chili's brand, and consequently on our business, financial condition and results of operations. The speed at which negative publicity (whether or not accurate) can be disseminated has increased dramatically with the capabilities of the internet. If we are unable to quickly and effectively respond to such reports, we may suffer declines in guest traffic which could materially impact our financial performance.

Employment and labor laws and regulations may increase the cost of labor for our restaurants.

We are subject to various federal, state and local employment and labor laws and regulations that govern employment and labor matters, including, employment discrimination, minimum wages, work scheduling, overtime, tip credits, tax reporting, working conditions, safety standards, family leave and immigration status. Compliance with these laws and regulations can be costly, and a failure or perceived failure to comply with these laws could result in negative publicity or litigation. Some states and localities have, and many others are contemplating, increases to their minimum wage and tip credit wage, and such increases can have a significant impact on our labor costs. Similarly, any government actions related to employee compensation or employer liability in response to the COVID-19 pandemic, whether temporary or permanent, could also materially increase our costs. In addition, new employment or labor laws may mandate additional benefits for employees or impose additional obligations that may adversely impact the costs of labor, the availability of labor and our business operations. In addition, our suppliers may be affected by higher minimum wage standards or availability of labor, which may increase the price of goods and services they supply to us. There are no assurances that a combination of cost management and price increases can offset all of the costs associated with compliance.

Governmental regulation may adversely affect our ability to maintain our existing and future operations and to open new restaurants.

We are subject to extensive federal, state, local and international laws and regulations, which vary from jurisdiction to jurisdiction and which increase our exposure to litigation and governmental proceedings. Among other laws and regulations, we are subject to laws and regulations relating to the design and operation of facilities, minimum wage, licensing and regulation by alcoholic beverage control, health, sanitation, safety and fire agencies, nutritional content and menu labeling, including the Affordable Care Act, which requires restaurant companies such as ours to disclose calorie information on their menus. Additionally, as a result of the COVID-19 pandemic, certain state and local jurisdictions are enacting certain health, safety and other regulations that impact or require us to modify our operations. Compliance with these laws and regulations may lead to increased costs and operational complexity, changes in sales mix and profitability, and increased exposure to governmental investigations or litigation. We cannot reliably anticipate any changes in guest behavior resulting from implementation of these laws.

We are also subject to federal and state environmental regulations, and although these have not had a material negative effect on our operations, we cannot ensure this will not occur in the future. In particular, the United States and other foreign governments have increased focus on environmental matters such as climate change, greenhouse gases and water conservation. These efforts could result in increased taxation or in future restrictions on or increases in costs associated with food and other restaurant supplies, transportation costs and utility costs, any of which could decrease our operating profits and/or necessitate future investments in our restaurant facilities and equipment to achieve compliance.

We are subject to federal and state laws and regulations which govern the offer and sale of franchises and which may supersede the terms of franchise agreements between us and our franchisees. Failure to comply with such laws and regulations or to obtain or retain licenses or approvals to sell franchises could adversely affect us and our franchisees. Due to our international franchising, we are also subject to governmental regulations throughout the world impacting the way we do business with our international franchisees. These include antitrust and tax requirements, anti-boycott regulations, import/export/customs and other international trade regulations, the USA Patriot Act and the Foreign Corrupt Practices Act. Failure to comply with any such legal requirements could subject us to monetary liabilities and other sanctions, which could adversely impact our business and financial performance.

The impact of current laws and regulations, the effect of future changes in laws or regulations that impose additional requirements and the consequences of litigation relating to current or future laws and regulations, or our inability to respond effectively to significant regulatory or public policy issues, could increase our compliance and other costs of doing business and therefore have an adverse effect on our results of operations. Failure to comply with the laws and regulatory requirements of federal, state, local, and international authorities could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability. Compliance with these laws and regulations can be costly and can increase our exposure to litigation or governmental investigations or proceedings.

If we are unable to successfully design and execute a business strategy plan, our gross sales and profitability may be adversely affected.

Our ability to increase revenues and profitability is dependent on designing and executing effective business strategies. If we are delayed or unsuccessful in executing our strategies or if our strategies do not yield the desired results, our business, financial condition and results of operations may suffer. Our ability to meet our business strategy plan is dependent upon, among other things, our and our franchisees' ability to:

- Increase gross sales and operating profits at existing restaurants with food and beverage options desired by our guests;
- Evolve our marketing and branding strategies in order to appeal to guests;
- Innovate and implement technology initiatives that provide a unique digital guest experience;
- Identify adequate sources of capital to fund and finance strategic initiatives, including reimagining of existing restaurants, new restaurant development and new restaurant equipment;
- Grow and expand operations, including identifying available, suitable and economically viable locations for new restaurants, or making strategic acquisitions; and
- Improve the speed and quality of our service.

Our partnership with DoorDash is subject to risks, and our ability to grow sales through delivery orders is uncertain.

Our strategy for growth in fiscal 2021 is dependent in part on increased sales from guests that want our food delivered to them. In the fourth quarter of fiscal year 2019, we entered into an agreement with DoorDash that allows DoorDash to be the exclusive third party delivery provider for Chili's and Maggiano's. We currently rely on DoorDash for the ordering and payment platforms that receive guest orders and that send orders directly to our point of sale system. These platforms could be damaged or interrupted by technological failures, cyber-attacks or other factors, which may

adversely impact our sales through these channels. DoorDash generally fulfills delivery orders through drivers that are independent contractors. These drivers may make errors, fail to make timely deliveries, damage our food or poorly represent our brands, which may lead to customer disappointment, reputational harm and unmet sales expectations. Our sales may also be adversely impacted if there is a shortage in drivers that are willing and available to make deliveries from our restaurants.

Because we have partnered exclusively with DoorDash, our delivery business and growth expectations may be negatively impacted if DoorDash is not able to effectively compete with other restaurant delivery providers for end consumers, capital, and delivery drivers or DoorDash ceases or reduces operations. Delivery, as well as other DoorDash offerings that we may test, are relatively new services, and it is difficult for us to anticipate the level of sales they may generate, operational challenges we may face or the experiences our guests will have with these offerings. These factors may adversely impact our sales and our brand reputation. We also incur additional costs associated with delivery orders, and it is possible that these orders could cannibalize more profitable in-restaurant visits or carry out orders.

Additionally, we have certain virtual brands that are only available through DoorDash. We rely on DoorDash to market and deliver certain offerings from our Chili's and Maggiano's kitchens. In addition to the delivery and technological risks discussed above, because certain offerings are only available through the DoorDash platform, if we have to transition to a different third party delivery provider, our sales on such offerings would temporarily be diminished, and it is possible that we would not generate the same level of profitability with a different provider.

Loss of key management personnel could hurt our business and limit our ability to operate and grow successfully.

Our success depends, to a significant extent, on our leadership team and other key management personnel. These personnel serve to maintain a corporate vision for our Company, execute our business strategy, and maintain consistency in the operating standards of our restaurants. If we are unable to attract and retain sufficiently experienced and capable key management personnel, our business and financial results may suffer.

Failure to recruit, train and retain high-quality restaurant management and team members may result in lower guest satisfaction and lower sales and profitability.

Our restaurant-level management and team members are largely responsible for the quality of our service. Our guests may be dissatisfied and our sales may decline if we fail to recruit, train and retain managers and team members that effectively implement our business strategy and provide high quality guest service. There is active competition for quality management personnel and hourly team members. If we experience high turnover, we may experience higher labor costs and have a shortage of adequate management personnel required for future growth.

Our inability or failure to recognize, respond to and effectively manage the accelerated impact of social media could materially adversely impact our business.

There has been a marked increase in the use of social media and similar platforms which allow individual access to a broad audience of consumers and other interested persons. Many social media platforms immediately publish the content their subscribers and participants' post, often without filters or checks on accuracy of the content posted. Information posted on such platforms at any time may be adverse to our interests and may harm our performance, prospects or business, regardless of the information's accuracy.

As part of our marketing strategy, we rely on search engine marketing, social media and new technology platforms to attract and retain guests and maintain brand relevance. Our strategy and initiatives may not be successful, resulting in expenses incurred without improvement in guest traffic or brand relevance. In addition, a variety of risks are associated with the use of social media, including the improper disclosure of proprietary information, negative comments about us, exposure of personally identifiable information, fraud, or out-of-date information. The inappropriate use of social media vehicles by our guests or employees could increase our costs, lead to litigation or result in negative publicity that could damage our reputation.

We are exposed to risks related to cyber security and protection of confidential information, and failure to protect the integrity and security of payment card or individually identifiable information of our guests and teammates or confidential and proprietary information of the Company could damage our reputation and expose us to loss of revenues, increased costs and litigation.

Our technology systems contain personal, financial and other information that is entrusted to us by our guests and team members, as well as financial, proprietary and other confidential information related to our business, and a significant portion of our restaurant sales are by credit or debit cards. If our technology systems, or those of third party services providers we rely upon, are compromised as a result of a cyber-attack (including whether from circumvention of security systems, denial-of-service attacks, hacking, “phishing” attacks, computer viruses, ransomware, malware, or social engineering) or other external or internal method, it could result in an adverse and material impact on our reputation, operations, and financial condition. The cyber risks we face range from cyber-attacks common to most industries, to attacks that target us due to the confidential consumer information we obtain through our electronic processing of credit and debit card transactions. Such security breaches could also result in litigation or governmental investigation against us, as well as the imposition of penalties. These impacts could also occur if we are perceived either to have had an attack or to have failed to properly respond to an incident.

To conduct our operations, we regularly move data across national borders, and consequently are subject to a variety of continuously evolving and developing laws and regulations regarding privacy, data protection, and data security, including those related to the collection, storage, handling, use, disclosure, transfer, and security of personal data. The use and disclosure of such information is regulated at the federal, state and international levels, and these laws, rules and regulations are subject to change and increased enforcement activity and are increasing in complexity and number. For example, the California Consumer Privacy Act, or CCPA, which became effective on January 1, 2020, imposes new responsibilities on us for the handling, disclosure and deletion of personal information for consumers who reside in California. The CCPA permits California to assess potentially significant fines for violating CCPA and creates a right for individuals to bring class action suits seeking damages for violations.

As privacy and information security laws and regulations change or cyber risks evolve pertaining to data, we may incur significant additional costs in technology, third-party services and personnel to maintain systems designed to anticipate and prevent cyber-attacks. As further described below, the Company experienced a cyber security incident at some Chili’s locations in fiscal 2018. As a result of the incident, we have taken certain additional preventative measures to reduce cyber risks. However, we cannot provide assurance that our security frameworks and measures will be successful in preventing future cyber-attacks or data loss. In addition, we expect the cost to maintain cyber liability insurance in the future will materially increase as a result of the incident.

We have incurred and in the future may incur costs and reputational harm resulting from the unauthorized access or acquisition of confidential consumer information related to our electronic processing of credit and debit card transactions.

On May 12, 2018, we issued a public statement notifying guests that we had discovered that credit and debit card numbers and related payment card information may have been acquired from Chili’s locations without authorization as a result of a malware attack. The Company engaged third-party forensic firms and cooperated with law enforcement to investigate the matter. Based on the investigation of our third-party forensic experts, we believe most Company-owned Chili’s restaurants were impacted by the malware during time frames that vary by restaurant, but we believe in each case began no earlier than March 21, 2018 and ended no later than April 22, 2018.

As a result of the incident, we have been assessed with financial responsibility by certain payment card companies for card issuer losses, card replacement costs and other charges issued by payment card companies. In addition, we are the defendant in a purported class action lawsuit, alleging that we negligently failed to provide adequate security to protect the payment card information of the plaintiffs, causing those individuals to suffer financial losses. In the future we may become subject to additional claims for purportedly fraudulent transactions arising out of the actual or alleged theft of credit or debit card information, and we may also become subject to additional lawsuits or proceedings relating to the incident. While we do not acknowledge responsibility to pay any such amounts imposed or demanded, these proceedings and demands may result in significant related settlement costs.

Since the incident, through June 24, 2020, we have incurred total cumulative costs of \$8.0 million related to the cyber security incident, and expect to incur primarily legal expenses associated with the incident in future periods. Although we maintain cyber liability insurance, we are not able to reliably forecast all of the losses that may occur as a result of the incident or whether such costs will be covered by insurance. If losses exceed our cyber liability insurance coverage such excess losses could have a material adverse effect on our financial condition or results of operations in future periods. See Part II, Item 8 - Financial Statements and Supplementary Data, Notes to the Consolidated Financial Statements, Note 18 - Commitments and Contingencies of this Annual Report on Form 10-K for additional information regarding the financial impact of this cyber security incident.

Further, the incident may have a negative impact on our reputation and cause guests to lose confidence in our ability to safeguard their information. We are unable to definitively determine the impact to our relationship with our guests and whether we will need to engage in significant promotional or other activities to rebuild our relationship with our guests. If the Company experiences another cyber security incident in the future, we believe it will be even more difficult to regain the trust of our guests and to rebuild our reputation.

Shortages or interruptions in the availability and delivery of food and other products may increase costs or reduce revenues.

Possible shortages or interruptions in the supply of food items and other products to our restaurants caused by inclement weather; natural disasters such as floods, droughts and hurricanes; shortages in the availability of truck drivers; the inability of our suppliers to obtain credit in a tight credit market; trade barriers; food safety warnings or advisories or the prospect of such pronouncements; animal disease outbreaks; or other conditions beyond our control could adversely affect the availability, quality and cost of items we buy and the operations of our restaurants. Our inability to effectively manage supply-chain risk could increase our costs or reduce revenues and limit the availability of products critical to our restaurant operations.

The large number of Company-owned restaurants concentrated in Texas, Florida and California makes us susceptible to changes in economic and other trends in those regions.

A high concentration of our Company-owned restaurants are located in Texas, Florida and California comprising 19.5%, 12.5% and 10.1%, respectively, as of June 24, 2020. As a result, we are particularly susceptible to adverse trends and economic conditions in those states. Negative publicity, local economic conditions, health epidemics or pandemics (such as COVID-19), local strikes, energy shortages or extreme fluctuations in energy prices, droughts, earthquakes, fires or other natural disasters in regions where our restaurants are highly concentrated could have a material adverse effect on our business and operations. For example, declines in oil prices may increase levels of unemployment and cause other economic pressures that result in lower sales and profits at our restaurants in oil market regions of Texas and surrounding areas.

Litigation could have a material adverse impact on our business and our financial performance.

We are subject to lawsuits, administrative proceedings and claims that arise in the regular course of business or out of special circumstances. These matters typically involve claims by guests, team members and others regarding issues such as food-borne illness, food safety, premises liability, compliance with wage and hour requirements, work-related injuries, discrimination, harassment, disability and other operational issues common to the food service industry, as well as contract disputes and intellectual property infringement matters. It is also possible that team members, guests or others could make claims against the Company as a result of the COVID-19 pandemic, and the nature and scope of such matters, if any, is unknown because the pandemic is novel. Our franchise activity also creates a risk of us being named as a joint employer of workers of franchisees for alleged violations of labor and wage laws. We could be adversely affected by negative publicity and litigation costs resulting from these claims, regardless of their validity. Significant legal fees and costs in complex class action litigation or an adverse judgment or settlement that is not insured or is in excess of insurance coverage could have a material adverse effect on our financial position and results of operations.

The success of our franchisees is important to our future growth.

We have a significant percentage of system-wide restaurants owned and operated by our franchisees. While our franchise agreements are designed to require our franchisees to maintain brand consistency, the franchise relationship reduces our direct day-to-day oversight of these restaurants and may expose us to risks not otherwise encountered if we maintained ownership and control. Our reputation and financial results may be negatively impacted by: franchisee defaults in their obligations to us; limitations on our ability to enforce franchise obligations due to bankruptcy proceedings or differences in legal remedies in international markets; franchisee failures to participate in business strategy changes due to financial constraints; franchisee failures to meet obligations to pay employees; and franchisees' failure to comply with food quality and preparation requirements.

Additionally, our international franchisees are subject to risks not encountered by our domestic franchisees, and royalties paid to us may decrease if their businesses are negatively impacted. These risks include:

- Difficulties in achieving consistency of product quality and service as compared to United States operations;
- Changes to recipes and menu offerings to meet cultural norms;
- Challenges to obtain adequate and reliable supplies necessary to provide menu items and maintain food quality; and
- Differences, changes or uncertainties in economic, regulatory, legal, cultural, social and political conditions.

The phase-out of LIBOR could increase our interest expense and have a material adverse effect on us.

Borrowings under our revolving credit facility use LIBOR, the basic rate of interest used in lending between banks on the London interbank market, as a benchmark for establishing the applicable interest rate. The Financial Conduct Authority of the United Kingdom has announced that it plans to phase out LIBOR by the end of 2021. It is unclear if LIBOR will cease to exist at that time or if new methods of calculating LIBOR will be established such that it continues to exist after 2021. Whether another alternative reference rate attains market traction as a LIBOR replacement tool remains in question. Although our borrowing arrangements provide for alternative base rates, those alternative base rates historically would often have led to increased interest rates, in some cases significantly higher, than those we paid based on LIBOR, and may similarly be higher in the future. Therefore, if, or when, LIBOR ceases to exist, we will likely need to agree upon a replacement index with our lenders as part of refinancing our existing indebtedness upon its maturity, and the interest rate thereunder will likely change.

The consequences of the phase out of LIBOR cannot be entirely predicted at this time. For example, we may not be successful in amending our borrowing arrangements to provide for a replacement rate. If any new or alternative base rate for calculating interest with respect to our outstanding indebtedness may not be as favorable or perform in the same manner as LIBOR and could lead to an increase in our interest expense or could impact our ability to refinance some or all of our existing indebtedness. In addition, the transition process may involve, among other things, increased volatility or illiquidity in financial markets, which could also have an adverse effect on us whether or not any replacement rate applicable to our borrowings is affected. Any such effects of the transition away from LIBOR, as well as other unforeseen impacts, may result in increased interest expense and other expenses, difficulties, complications or delays in connection with future financing efforts or otherwise have a material adverse impact on our business, financial condition, and results of operations.

Downgrades in our credit ratings could impact our ability to access capital and materially adversely affect our business, financial condition and results of operations.

Credit rating agencies have, and in the future may, change their credit rating for us, among other things, based on the performance of our business, our capital strategies or their overall view of our industry. There can be no assurance that any rating assigned to our currently outstanding public debt securities will remain in effect for any given period of time or that any such ratings will not be further lowered, suspended or withdrawn entirely by a rating agency if, in that agency's judgment, circumstances so warrant, particularly during the COVID-19 pandemic. A downgrade of our credit ratings could, among other things:

- Increase our cost of borrowing;
- Limit our ability to access capital;
- Result in more restrictive covenants in agreements governing the terms of any future indebtedness that we may incur, including restrictions on our ability to pay distributions or repurchase shares;
- Require us to provide collateral for any future borrowings; and
- Adversely affect the market price of our outstanding debt securities.

In the fourth quarter of fiscal 2020, S&P lowered our corporate credit rating to B+ with negative outlook. Moody's also lowered us to a corporate family rating B1 with negative outlook. The downgrades were a result of the COVID-19 impact on the restaurant sector that has been one of the sectors most significantly affected given its sensitivity to consumer demand and sentiment, and the unprecedented precautionary measures implemented by state and local governments, including temporary closures. These ratings and our current credit condition affect, among other things, our ability to access new capital. Negative changes to these ratings may result in more stringent covenants and higher interest rates under the terms of any new debt. Our credit ratings could be further lowered, or rating agencies could issue adverse commentaries in the future, which could have a material adverse effect on our business, financial condition, results of operations, and liquidity. In particular, a weakening of our financial condition, including any further increase in our leverage or decrease in our profitability or cash flows, could adversely affect our ability to obtain necessary funds, could result in a credit rating downgrade or change in outlook, or could otherwise increase our cost of borrowing.

Inflation and fluctuations in energy costs may increase our operating expenses.

We have experienced impact from inflation and fluctuations in utility and energy costs. Inflation has caused added food, labor and benefits costs and increased our operating expenses. Fluctuations and increases in utility and energy costs have also increased our operating expenses on regional and national levels, including through suppliers putting pressure on margins by passing on higher prices for petroleum-based fuels. As operating expenses rise, we, to the extent permitted by competition, recover costs by raising menu prices, or by implementing alternative products, processes or cost reduction procedures. We cannot ensure, however, we will be able to continue to recover increases in operating expenses due to inflation in this manner.

Challenges to the retail industry may negatively affect guest traffic at our restaurants.

Other tenants at retail centers in which we are located or have executed leases may fail to open or may cease operations as a result of challenges specific to the retail industry, including competition from online retailers. The retail industry has been particularly hard hit by the COVID-19 pandemic, with many locations closing for extended periods of time and have yet to reopen. A number of prominent retail chains have also declared bankruptcy, including those that are anchor tenants in retail centers where we have locations.

Decreases in total tenant occupancy in retail centers and changes in guest visits to the retail centers in which we are located, whether as a result of the COVID-19 pandemic or otherwise, may negatively affect guest traffic at our restaurants.

We are dependent on information technology and any material failure in the operation or security of that technology or our ability to execute a comprehensive business continuity plan could impair our ability to efficiently operate our business.

We rely on information systems across our operations, including, for example, point-of-sale processing in our restaurants, management of our supply chain, collection of cash, payment of obligations, and various other processes and procedures. Our ability to efficiently manage our business depends significantly on the reliability and capacity of these systems. The failure of these systems to operate effectively, problems with maintenance, upgrading or transitioning to replacement systems, or a breach in security of these systems could cause delays in customer service and reduce efficiency in our operations.

Additionally, our corporate systems and processes and corporate support for our restaurant operations are handled primarily at our restaurant support center. We have disaster recovery procedures and business continuity plans in place to address most events of a crisis nature, including tornadoes and other natural disasters, and back up and off-site locations for recovery of electronic and other forms of data and information. However, if we are unable to fully implement our disaster recovery plans, we may experience delays in recovery of data, inability to perform vital corporate functions, tardiness in required reporting and compliance, failures to adequately support field operations and other breakdowns in normal communication and operating procedures that could have a material adverse effect on our financial condition, results of operation and exposure to administrative and other legal claims.

Failure to protect our service marks or other intellectual property could harm our business.

We regard our Chili's® and Maggiano's® service marks, and other service marks and trademarks related to our restaurant businesses, as having significant value and being important to our marketing efforts. We rely on a combination of protections provided by contracts, copyrights, patents, trademarks, service marks and other common law rights, such as trade secret and unfair competition laws, to protect our restaurants and services from infringement. We have registered certain trademarks and service marks in the United States and foreign jurisdictions. However, we are aware of names and marks identical or similar to our service marks being used from time to time by other entities. Although our policy is to oppose any such infringement, further or unknown unauthorized uses or other misappropriation of our trademarks or service marks could diminish the value of our brands and adversely affect our business. In addition, effective intellectual property protection may not be available in every country in which we have or intend to open or franchise a restaurant. Although we believe we have taken appropriate measures to protect our intellectual property, there can be no assurance that these protections will be adequate and defending or enforcing our service marks and other intellectual property could result in the expenditure of significant resources.

We outsource certain business processes to third-party vendors that subject us to risks, including disruptions in business and increased costs.

Some business processes are or may in the future be outsourced to third parties. Such processes include certain information technology processes, gift card tracking and authorization, credit card authorization and processing, insurance claims processing, certain payroll processing, tax filings and other accounting processes. We also continue to evaluate our other business processes to determine if additional outsourcing is a viable option to accomplish our goals. We make a diligent effort to ensure that all providers of outsourced services are observing proper internal control practices, such as redundant processing facilities and adequate security frameworks to guard against breaches or data loss; however, there are no guarantees that failures will not occur. Failure of third parties to provide adequate services could have an adverse effect on our results of operations, financial condition or ability to accomplish our financial and management reporting.

Declines in the market price of our common stock or changes in other circumstances that may indicate an impairment of goodwill could adversely affect our financial position and results of operations.

We perform our annual goodwill impairment tests in the second quarter of each fiscal year. Interim goodwill impairment tests are also required when events or circumstances change between annual tests that would more likely than not reduce the fair value of our reporting units below their carrying value. Although no triggering event had been identified in our regular goodwill impairment assessment performed at the end of the second quarter of fiscal 2020, we determined during the third of fiscal 2020 that the reduced cash flow projections and the significant decline in our market

capitalization as a result of the COVID-19 pandemic could indicate that an impairment loss may have been incurred. Based on our assessment during the third quarter we determined that our goodwill and indefinite-lived intangible assets were not impaired at that time. Additionally, we updated the assessment during the fourth quarter of fiscal 2020 and determined no triggering event existed based on improved market value and actual results compared to forecast for the third quarter of fiscal 2020. This assessment is predicated on our ability to continue to operate dining and banquet rooms, and generate off-premise sales at our restaurants. Management's judgment about the short and long term impacts of the pandemic could change as additional facts become known and therefore affect these conclusions. We will continue to monitor and evaluate our results and evaluate the likelihood of any potential impairment charges at our restaurants and reporting units.

It is possible that a change in circumstances such as the decline in the market price of our common stock or changes in consumer spending levels, or in the numerous variables associated with the judgments, assumptions and estimates made in assessing the appropriate valuation of our goodwill, could negatively impact the valuation of our brands and create the potential for a non-cash charge to recognize impairment losses on some or all of our goodwill. If we were required to write down a portion of our goodwill and record related non-cash impairment charges, our financial position and results of operations would be adversely affected.

Changes to estimates related to our property and equipment, or operating results that are lower than our current estimates at certain restaurant locations, may cause us to incur impairment charges on certain long-lived assets.

We make certain estimates and projections with respect to individual restaurant operations, as well as our overall performance in connection with our impairment analyses for long-lived assets. An impairment charge is required when the carrying value of the asset exceeds the estimated fair value. For example, in the fourth quarter of fiscal year 2020, we recognized \$14.5 million of long-lived asset and lease asset impairment charges as a result of decreased cash flows and it is possible that we may incur similar charges in greater amounts in the future. Refer to Note 2 - Novel Coronavirus Pandemic within Part II, Item 8 - Financial Statements and Supplementary Data Notes to the Consolidated Financial Statements for more information. The projection of future cash flows used in the analyses requires the use of judgment and a number of estimates and projections of future operating results. If actual results differ from our estimates, additional charges for asset impairments may be required in the future. If impairment charges are significant, our financial position and results of operations could be adversely affected.

Failure to achieve and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and stock price.

We are subject to the internal control requirements of Section 404 of the Sarbanes-Oxley Act of 2002, which require management to assess the effectiveness of our internal control over financial reporting and our independent auditors to attest to the effectiveness of our internal control over financial reporting. Our processes for designing and implementing effective internal controls involve continuous effort that requires us to anticipate and react to changes in our business as well as in the economic and regulatory environments. As a result, we expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. We cannot assure you that the measures we will take as part of this effort will be sufficient to maintain effective internal control over our financial reporting. Failure to maintain effective internal controls could result in consolidated financial statements that do not accurately reflect our financial condition, cause investors to lose confidence in our reported financial information, or result in regulatory scrutiny, penalties or shareholder litigation, all of which could have a negative effect on the trading price of our common stock.

Our business and operation could be negatively affected if we become subject to any securities litigation or shareholder activism, which could cause us to incur significant expenses, hinder execution of investment strategy and impact our stock price.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. Shareholder activism, which could take many forms or arise in a variety of situations, has been increasing in publicly traded companies recently. Due to the potential volatility of our stock price and for a variety of other reasons, we may become the target of securities litigation or shareholder activism. Securities litigation and shareholder activism, including potential proxy contests, could result in substantial costs and

legal fees and divert management's and our board of directors' attention and resources from our business. Additionally, such securities litigation and shareholder activism could give rise to perceived uncertainties as to our future, adversely affect our relationships with service providers and make it more difficult to attract and retain qualified personnel. Further, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any securities litigation and shareholder activism.

From time to time we may implement measures that make it more difficult for an activist investor or potential acquirer to purchase a large portion of our securities, to initiate a tender offer or a proxy contest, or to acquire the Company through a merger or similar transaction. These measures may discourage investment in our common stock and may delay or discourage acquisitions that would result in our stockholders receiving a premium for their shares over the then-current market price.

Other risk factors may adversely affect our financial performance.

Other risk factors that could cause our actual results to differ materially from those indicated in forward-looking statements, include, without limitation, changes in financial and credit markets (including rising interest rates); increased fuel costs and availability for our team members, customers and suppliers; increased health care costs; health epidemics or pandemics (such as COVID-19) or the prospects of these events; changes in consumer behaviors; changes in demographic trends; labor shortages and availability of employees; union organization; strikes; terrorist acts; energy shortages and rolling blackouts; and weather (including, major hurricanes and regional winter storms); inadequate insurance coverage; and limitations imposed by our credit agreements.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Restaurant Locations

As of June 24, 2020, our system of Company-owned and franchised restaurants included 1,663 restaurants. The below table contains a breakdown of our portfolio of restaurants by brand and by domestic versus international location:

	June 24, 2020		
	Domestic	International	Total
Chili's			
Company-owned	1,059	5	1,064
Franchise	174	372	546
	1,233	377	1,610
Maggiano's			
Company-owned	52	—	52
Franchise	1	—	1
	53	—	53
System-wide	1,286	377	1,663

Our Company-owned and franchise restaurants in the United States are located in 49 states and Washington, D.C. We and our franchisees also have restaurants in two United States territories, Guam and Puerto Rico, and 28 countries: Canada, Chile, China, Costa Rica, Dominican Republic, Ecuador, Egypt, Germany, Guatemala, Honduras, India, Japan, Kuwait, Lebanon, Malaysia, Mexico, Morocco, Oman, Panama, Peru, Philippines, Qatar, Saudi Arabia, South Korea, Taiwan, Tunisia, United Arab Emirates, and Vietnam.

	June 24, 2020	
	Domestic	International
	No. of States	No. of countries and U.S. territories
Chili's	49	30
Maggiano's	23 & D.C.	—

Restaurant Property Information

The following table illustrates the approximate dining capacity for a prototypical restaurant of each of our brands:

	Chili's	Maggiano's
Square feet	3,200 - 8,100	8,100 - 28,400
Dining seats	140 - 420	260 - 770
Dining tables	35 - 70	60 - 130

As of June 24, 2020, we continue to own property for 43 of the 1,116 Company-owned restaurant locations. The related book value of these owned restaurant locations as of June 24, 2020 includes land of \$34.1 million and the net book value of buildings totaled \$13.9 million.

As of June 24, 2020, the remaining 1,073 Company-owned restaurant locations were leased by us and the net book value of the buildings and leasehold improvements totaled \$500.4 million. These leased restaurant locations can be categorized as follows: 731 ground leases (where we lease land only, but own the building) and 342 retail leases (where we lease the land/retail space and building). We believe that our properties are suitable, adequate, well-maintained and sufficient for the operations contemplated. Our leased restaurants typically have an initial lease term of 10 to 20 years, with one or more renewal terms typically ranging from 1 to 10 years. The leases typically provide for a fixed rental or a fixed rental plus percentage rentals based on sales volume.

Other Properties

We lease an office building containing approximately 216,300 square feet which we use for our corporate headquarters and menu development activities. We also lease but have ceased use of our previous headquarter location consisting of 198,000 square feet.

ITEM 3. LEGAL PROCEEDINGS

This information is set forth within Part II, Item 8 - Financial Statements and Supplementary Data, Notes to the Consolidated Financial Statements, Note 18 - Commitments and Contingencies of this Annual Report on Form 10-K is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

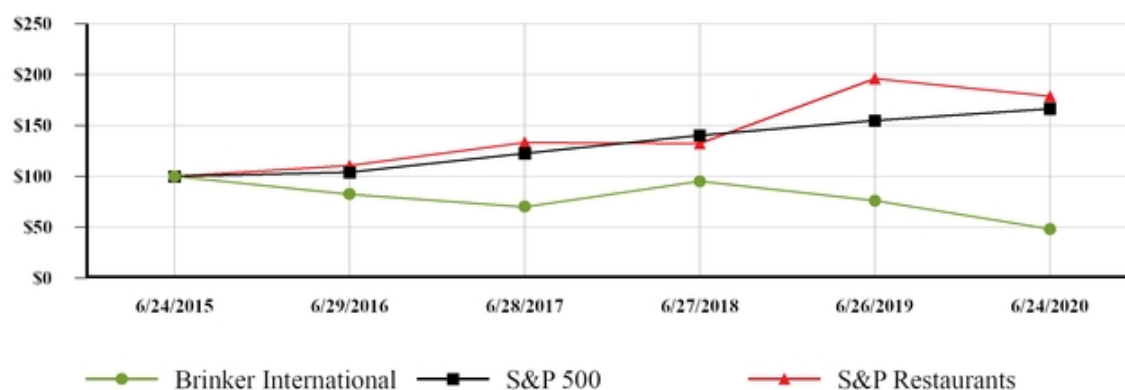
ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is traded on the New York Stock Exchange (“NYSE”) under the symbol “EAT”, and as of August 14, 2020, there were 493 holders of record of our common stock.

Comparison of Five Year Cumulative Total Return

The graph below presents Brinker International, Inc.’s cumulative 5-Year total shareholder return on common stock with the cumulative total returns of the S&P 500 index and the S&P Restaurants index. The graph is based on \$100 invested on June 24, 2015 in stock including reinvestment of dividends, or June 30, 2015 in index since indexes are calculated on a month-end basis, and its relative performance is tracked through June 24, 2020. The values shown below are neither indicative nor determinative of future performance.

Comparison of 5 Year Cumulative Return



	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Brinker International	\$ 100.00	\$ 82.38	\$ 70.06	\$ 94.99	\$ 75.92	\$ 48.07
S&P 500	\$ 100.00	\$ 103.99	\$ 122.60	\$ 140.23	\$ 154.83	\$ 166.45
S&P Restaurants ⁽¹⁾	\$ 100.00	\$ 110.56	\$ 133.23	\$ 132.42	\$ 196.08	\$ 178.63

⁽¹⁾ The S&P Restaurants Index is comprised of Chipotle Mexican Grill, Inc., Darden Restaurants, Inc., McDonald’s Corp., Domino’s Pizza Inc., Starbucks Corporation and Yum! Brands, Inc.

Dividend Program

In the third quarter of fiscal 2020, we declared a quarterly dividend on January 27, 2020, that was paid in the fourth quarter of fiscal 2020, on March 26, 2020, in the amount of \$0.38 per share.

In the fourth quarter of fiscal 2020, our Board of Directors voted to suspend the quarterly cash dividend due to uncertainty surrounding the duration of closures of our dining rooms and other restrictions mandated by state and local governments in response to COVID-19. Additionally, under the terms of our revolving credit facility, as recently amended, we are prohibited from making dividends, stock repurchases and investments from the fourth quarter of fiscal 2020 through the third quarter of fiscal 2021, and following this period, we will be subject to a \$50.0 million aggregate limitation on dividends, stock repurchases and investments. Following the expiration of these restrictions, the Board of Directors will reevaluate the suspension based on current business conditions at that time. Refer to Part II, Item 7 - Management’s

Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources for further information.

Once permitted under the terms of our lending arrangements, future decisions to reinstate the dividend program to pay, or to increase or decrease dividends, are at the discretion of the Board and will be dependent on our operating performance, financial condition, capital expenditure requirements, limitations on cash distributions pursuant to the terms and conditions of our revolving credit facility and applicable law, and such other factors that the Board considers relevant. Refer to Part II, Item 8 - Financial Statements and Supplementary Data, Notes to the Consolidated Financial Statements, Note 12 - Debt and Note 15 - Shareholders' Deficit of this Annual Report on Form 10-K for further discussion of our long-term debt and shareholders' deficit, respectively.

Share Repurchase Program

In the fourth quarter of fiscal 2020, our Board of Directors voted to suspend our share repurchase program due to uncertainty surrounding the duration of closures of our dining rooms and other restrictions mandated by state and local governments in response to COVID-19. Additionally, the amended revolving credit facility restricts our ability to repurchase shares until the fourth quarter of fiscal year 2021, and subjects any share purchases thereafter, along with dividends paid and investments, to an aggregate cap. As such, in the fourth quarter of fiscal 2020, we only repurchased a limited number of shares related to shares owned and tendered by team members to satisfy tax withholding obligations, and vesting of restricted share awards, which are not deducted from shares available to be purchased under publicly announced programs. Amounts are presented in millions, except per share amounts, unless otherwise noted:

	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value that May Yet be Purchased Under the Program
March 26, 2020 through April 29, 2020	—	\$ —	—	\$ 166.8
April 30, 2020 through May 27, 2020	0.0	\$ 20.53	—	\$ 166.8
May 28, 2020 through June 24, 2020	0.0	\$ 28.76	—	\$ 166.8
Total	0.0	\$ 24.50	—	

⁽¹⁾ Shares owned and tendered by team members to satisfy tax withholding obligations were purchased at the average of the high and low prices of the Company's shares on the date of vesting. In the fourth quarter of fiscal 2020, 6.4 thousand shares were tendered by team members at an average price of \$24.50.

ITEM 6. SELECTED FINANCIAL DATA

BRINKER INTERNATIONAL, INC.
Selected Financial Data
(In millions, except per share amounts and number of restaurants)

	Fiscal Years Ended				
	6/24/2020 ⁽¹⁾⁽²⁾	6/26/2019 ⁽²⁾	6/27/2018	6/28/2017	6/29/2016 ⁽³⁾
Income Statement Data:					
Revenues					
Company sales	\$ 3,004.9	\$ 3,106.2	\$ 3,041.5	\$ 3,062.5	\$ 3,166.7
Franchise and other revenues	73.6	111.7	93.9	88.3	90.8
Total revenues	3,078.5	3,217.9	3,135.4	3,150.8	3,257.5
Operating costs and expenses					
Food and beverage costs	798.6	823.0	796.0	791.3	840.2
Restaurant labor	1,045.5	1,059.7	1,033.9	1,017.9	1,036.0
Restaurant expenses	825.8	812.3	757.5	773.5	762.7
Depreciation and amortization	162.3	147.6	151.4	156.4	156.4
General and administrative	136.3	149.1	136.0	132.8	127.6
Other (gains) and charges	47.4	(4.5)	34.5	22.7	17.1
Total operating costs and expenses	3,015.9	2,987.2	2,909.3	2,894.6	2,940.0
Operating income	62.6	230.7	226.1	256.2	317.5
Interest expenses	59.6	61.6	59.0	49.6	32.6
Other (income), net	(1.9)	(2.7)	(3.1)	(1.9)	(1.5)
Income before income taxes	4.9	171.8	170.2	208.5	286.4
Provision (benefit) for income taxes	(19.5)	16.9	44.3	57.7	85.8
Net income	\$ 24.4	\$ 154.9	\$ 125.9	\$ 150.8	\$ 200.6
Basic net income per share	\$ 0.64	\$ 4.04	\$ 2.75	\$ 2.98	\$ 3.47
Diluted net income per share	\$ 0.63	\$ 3.96	\$ 2.72	\$ 2.94	\$ 3.42
Basic weighted average shares outstanding	38.2	38.3	45.7	50.6	57.9
Diluted weighted average shares outstanding	38.9	39.1	46.3	51.2	58.7
Balance Sheet Data:					
Working capital	\$ (273.5)	\$ (244.6)	\$ (278.0)	\$ (292.0)	\$ (257.2)
Total assets ⁽⁴⁾	2,356.0	1,258.3	1,347.3	1,403.6	1,458.5
Long-term obligations ⁽⁴⁾	2,337.2	1,614.9	1,631.3	1,461.0	1,248.4
Shareholders' deficit	(479.1)	(778.2)	(718.3)	(493.6)	(225.6)
Dividends per share	\$ 1.14	\$ 1.52	\$ 1.52	\$ 1.36	\$ 1.28
Number of Restaurants Open (End of Year):					
Company-owned	1,116	1,001	997	1,003	1,001
Franchise	547	664	689	671	659
Total	1,663	1,665	1,686	1,674	1,660
Revenues of Franchisees ⁽⁵⁾	\$ 833.7	\$ 1,311.3	\$ 1,309.4	\$ 1,331.9	\$ 1,348.6

- (1) Fiscal 2020 reflects the impact of the adoption of the new lease accounting standard using the alternative transition method. All other periods presented have not been restated. Refer to Part II, Item 8 - Financial Statements and Supplementary Data, Notes to the Consolidated Financial Statements, Note 1 - Nature of Operations and Summary of Significant Accounting Policies and Note 4 - Leases for information regarding our adoption of the new revenue standard.
- (2) Fiscal 2020 and fiscal 2019 reflect the impact of the adoption of the new revenue recognition accounting standard using the modified retrospective transition method. All other periods presented have not been restated. Refer to Part II, Item 8 - Financial Statements and Supplementary Data, Notes to the Consolidated Financial Statements, Note 1 - Nature of Operations and Summary of Significant Accounting Policies for information on our revenue policy.
- (3) Fiscal 2016 consisted of 53 weeks while all other periods presented consisted of 52 weeks.
- (4) Debt issuance costs are presented in the Consolidated Balance Sheets as a direct deduction from the associated debt liability. Amounts presented for fiscal years prior to fiscal 2017 were reclassified from Other assets to Long-term debt to conform to the current presentation.
- (5) Revenues of Franchisees represent the gross sales reported by our franchisees. Royalty revenues recognized by us are based on these sales generated and reported to us by franchisees.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help you understand our Company, our operations, and our current operating environment. For an understanding of the significant factors that influenced our performance, the MD&A should be read in conjunction with the Consolidated Financial Statements and related Notes to the Consolidated Financial Statements included in Part II, Item 8 - Financial Statements and Supplementary Data of our Annual Report. Our MD&A consists of the following sections:

- **Overview** - a general description of our business strategy and the casual dining segment of the restaurant industry
- **Results of Operations** - an analysis of the Consolidated Statements of Comprehensive Income included in the Consolidated Financial Statements
- **Liquidity and Capital Resources** - an analysis of cash flows, including capital expenditures, aggregate contractual obligations, share repurchase activity, and known trends that may impact liquidity
- **Impact of Inflation** - a discussion of the effect of inflation on our business
- **Off-Balance Sheet Arrangements** - a discussion of the off-balance sheet arrangements entered into by us
- **Critical Accounting Estimates** - a discussion of accounting policies that require critical judgments and estimates including recent accounting pronouncements

The following MD&A includes a discussion comparing our results in fiscal 2020 to fiscal 2019, and should be read together with Part II, Item 6 - Selected Financial Data presented for the fiscal year ended June 24, 2020 and Part II, Item 8 - Financial Statements and Supplementary Data of our Annual Report. For a discussion comparing our results from fiscal 2019 to fiscal 2018, refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Exhibit 13 of our Annual Report on Form 10-K for the fiscal year ended June 26, 2019, filed with the SEC on August 22, 2019.

The Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States, and include the accounts of Brinker International, Inc. and our wholly-owned subsidiaries. All

intercompany accounts and transactions have been eliminated in consolidation. We have a 52/53 week fiscal year ending on the last Wednesday in June. We utilize a 13 week accounting period for quarterly reporting purposes, except in years containing 53 weeks when the fourth quarter contains 14 weeks. Fiscal years 2020, 2019 and 2018, which ended on June 24, 2020, June 26, 2019 and June 27, 2018, respectively, each contained 52 weeks. All amounts within the MD&A are presented in millions unless otherwise specified.

OVERVIEW

We are principally engaged in the ownership, operation, development, and franchising of the Chili's® Grill & Bar ("Chili's") and Maggiano's Little Italy® ("Maggiano's") restaurant brands. At June 24, 2020, we owned, operated, or franchised 1,663 restaurants, consisting of 1,116 Company-owned restaurants and 547 franchised restaurants, located in the United States, 28 countries and two United States territories. Our two restaurant brands, Chili's and Maggiano's, are both operating segments and reporting units.

COVID-19 Pandemic

Impact of COVID-19 Pandemic

COVID-19 caused a dramatic decrease in sales during the last sixteen weeks of fiscal 2020 as it became a global pandemic. At the end of the third quarter of fiscal 2020, we temporarily closed all Company-owned restaurant dining and banquet rooms as we transitioned to an off-premise business model and temporarily delayed our expansion plans. Beginning on April 27, 2020, we began to reopen certain dining room locations as permitted by governments. At the end of fiscal 2020, as of June 24, 2020, 94.9% of our Company-owned restaurant dining rooms or patios were open in a limited capacity. Our priority has been protecting the health and safety of team members and guests while continuing to serve our communities.

Both Chili's and Maggiano's have been able to serve our guests during the COVID-19 pandemic as a result of our decision to invest in technology, training and partnerships that enable online ordering, mobile app ordering, curbside service and third-party delivery. Our off-premise sales have grown significantly during the COVID-19 pandemic, and during the first period of fiscal 2021 ended July 29, 2020, off-premise sales represented approximately 50% of total revenues. We have been carefully assessing the effect of COVID-19 on our business as conditions continue to evolve throughout the communities we serve. As a result of COVID-19, we have experienced a material adverse impact on our revenues, results of operations and cash flows in the third and fourth quarters of fiscal 2020, and expect this to continue into fiscal 2021. The financial impacts include:

- Comparable restaurant sales in the fourth quarter of fiscal 2020 decreased 36.7% (Chili's decreased 32.2%, and Maggiano's decreased 66.7%) compared to the same prior year period
- Certain charges, net of (credits) were recorded in the second half of fiscal 2020 related to the COVID-19 pandemic in Other (gains) and charges in the Consolidated Statements of Comprehensive Income, these primarily included:
 - Employee assistance - \$17.3 million of expenses related to both Chili's and Maggiano's employee assistance payments and related payroll taxes for the team members that experienced reduced shifts during this pandemic, who would have otherwise not received such payment under our normal compensation practices
 - Other COVID-19-related expenses - \$1.5 million of expenses related to restaurant supplies such as face masks and hand sanitizer required to reopen dining rooms, as well as costs related to canceled projects due to the pandemic, and \$1.1 million of expenses related to spoiled inventory at both Chili's and Maggiano's due to the unexpected decline in sales and dining room closures
 - Employee retention credit - \$7.9 million credit of certain payroll taxes was received as part of the Coronavirus Aid Relief and Economic Security ("CARES") Act relief package. The CARES Act was designed primarily to help keep businesses running during and after the pandemic. As of June 24, 2020, this package allowed us to take advantage of credits, deferments, and deductions. Additional information regarding the impact of the CARES Act is set forth within Part II Item 7. Management's

Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources.

- Long-lived and operating lease impairments - \$14.5 million of non-cash expenses were recorded during the fourth quarter of fiscal 2020 related to 18 underperforming Chili's and 3 underperforming Maggiano's restaurants. Of the impaired restaurants, 19 continue to operate, and 2 Chili's will be permanently closed

During the first quarter of fiscal 2021 Chili's and Maggiano's continue to operate with reduced dining room capacities due to state and local mandates related to COVID-19. The following represents a business update from our first period of fiscal 2021 ended July 29, 2020 related to Company-owned restaurants:

- As of July 29, 2020, there were 885 Chili's and 52 Maggiano's Company-owned restaurants with dining rooms or patios open, representing 84.0% of total Company-owned restaurants. Capacities are limited in accordance with state and local mandates
- Comparable restaurant sales for the first period of fiscal 2021, ended July 29, 2020, compared to the prior year are as follows:

	Comparable Restaurant Sales		
	Opened Dining Rooms	Off-Premise Only	Total Comparable Restaurant Sales
Chili's	(3.8)%	(46.3)%	(10.9)%
Maggiano's	(44.6)%	N/A	(44.6)%

- It's Just Wings™, a virtual brand offering through our partnership with DoorDash, launched nationally in 1,050 of our Company-owned restaurants on June 23, 2020. It's Just Wings sales are included in comparable restaurant sales for restaurants operating the virtual brand
- Brinker had total liquidity of \$576.2 million as of July 29, 2020

At this time, the impact of COVID-19, in both the short term and long term, is difficult to estimate due to the uncertainty about the extent and duration of the spread of the pandemic, the discovery of any effective treatments, cures or vaccines and the related government restrictions. Additional impacts to the business may arise that we are not aware of currently. We cannot predict whether, when or the manner in which COVID-19 may impact our business, including the capacity of our dining rooms, what operational restrictions may be imposed, and our ability to fully staff reopened dining rooms. As such, we have taken a number of proactive measures to adapt our business to lower demand levels during the COVID-19 pandemic including measures to significantly reduce costs, partnering with our lenders to provide additional liquidity, issuing additional common stock and negotiating rent concessions with landlords. We continue to closely monitor and adapt to the evolving situation.

Refer to "COVID-19 Impact on Liquidity" section below and Note 2 - Novel Coronavirus Pandemic within Part II, Item 8 - Financial Statements and Supplementary Data Notes to the Consolidated Financial Statements for more information regarding the financial impact of the pandemic.

Fiscal 2020 Performance before the COVID-19 Pandemic

In fiscal 2020, our strategy was delivering comparable restaurant sales growth at Company-owned Chili's locations. Before the COVID-19 pandemic, in the first eight months of fiscal 2020, Company-owned Chili's comparable restaurant sales increased by 2.7%, while Company-owned Maggiano's comparable restaurant sales decreased by 1.1%. While the spread of COVID-19 dramatically impacted our fiscal 2020 results, we believe our results before the pandemic provide evidence of the strong foundation our brands have as they move forward.

At Maggiano's we believe our focus on operating fundamentals and technology will provide the foundation for future efficiencies and growth. At Chili's, our value offerings and My Chili's Rewards loyalty program helped drive positive traffic. Our Cheers to Patron® Margarita of the Month and new offerings on our 3 for \$10 meal platform were particularly

successful in bringing guests back to Chili's. Chili's off-premise sales, which includes both to-go and delivery, also grew and reached approximately 16% of sales, with approximately 74% coming from to-go and 26% from delivery during the first eight months of fiscal 2020. Membership in the My Chili's Rewards loyalty program also continued to grow.

Operations Strategy

We are committed to strategies and a Company culture that we believe are centered on a guest experience. This includes bringing guests back safely, growing long-term sales and profit, engaging team members and working to return our business to pre-pandemic levels. Our strategies and culture are intended to differentiate our brands from the competition, effectively and efficiently manage our restaurants and establish a lasting presence for our brands in key markets around the world.

Our primary strategy remains to make our guests feel special through great food and quality service so that they return to our restaurants. At the end of the second quarter of fiscal 2020, before the COVID-19 pandemic, our guest survey scores on food quality and service reached an all-time high. Then, during the pandemic, our guest scores improved even more as we not only made guests feel special with our great food and service, but we also made them feel safe with our enhanced safety training and systems. Chili's continues to outpace the casual dining industry and grow market share.

We regularly evaluate our processes and menu at Chili's to identify opportunities where we can improve our service quality and food. During fiscal 2018, we reduced our menu items by approximately one-third, and focused on our core equities of burgers, ribs, fajitas and margaritas. This initiative improved kitchen efficiency and allowed our managers and cooks to deliver our food hotter and faster to our guests. We also invested in the quality of our food. During fiscal 2019, we continued to focus on our core equities and improving guest satisfaction with our food and service by improving execution of our operations standards. In fiscal 2020, we upgraded the quality of certain menu items, including new upgraded quality chicken breast we have integrated into several of our menu items.

Part of our strategy is to differentiate Chili's from our competitors with a flexible platform of value offerings at both lunch and dinner. We are committed to offering consistent, quality products at a price point that is compelling to our guests. Our "3 for \$10" platform allows guests to combine a starter, a non-alcoholic drink and an entrée for just \$10.00 as part of the every-day base menu and is available for guests to enjoy in our dining rooms or off-premise. Additionally, we have continued our Margarita of the Month promotion that features a premium-liquor margarita every month at an every-day value price of \$5.00. In fiscal 2020, we continued to see an increase in popularity of both 3 for \$10 and Margarita of the Month, helping us increase guest traffic.

We have also invested in our technology and off-premise options as more guests are opting for to-go and delivery. Our to-go menu is available through our Chili's mobile app, on our brand websites, our exclusive delivery partner DoorDash, or by calling the restaurant. Since fiscal 2018, as of the end of fiscal 2020, our off-premise business has grown by 133%. Chili's exclusive partnership with DoorDash has proven instrumental in offering our guests continued service during the COVID-19 pandemic. We leveraged technology so that DoorDash orders are sent directly into our point of sale system, creating efficiencies and a system that allows us to better serve our guests by quickly developing and adapting new operational procedures. We believe that guests will continue to prefer more convenience and off-premise options. We plan to continue investments in our technology systems to support our carryout and delivery capabilities.

It's Just Wings™, a virtual brand offering, launched on June 23, 2020 and is available only through DoorDash delivery. The virtual brand allows us to leverage our existing infrastructure, while adding little complexity within our current system. It's Just Wings is a no-frills offering that consists of chicken wings available in 11 different sauces and rubs, curly fries, ranch dressing and fried Oreos for a value price. We will continue to identify opportunities to drive restaurant growth by utilizing our existing restaurant infrastructure and DoorDash partnership.

In dining rooms we use tabletop devices to engage our guests at the table. In fiscal 2020 we rolled out a new tabletop device to continue to enhance this experience. We also believe our digital guest experience will help us engage our guests more effectively, particularly during the COVID-19 pandemic. Our My Chili's Rewards loyalty database, as of the end of fiscal 2020, included more than 8 million loyal members who have interacted with Chili's in the previous six months. We customize offerings for our guests based on their purchase behavior, and we continue to shift more of

our overall marketing spend to these customized channels and promotions. We believe this strategy gives us a sustained competitive advantage over independent restaurants and the majority of our competitors.

We believe that improvements at our domestic Chili's will have a significant impact on the business; however, our results will also benefit through additional contributions from Maggiano's and our global Chili's franchise business. Maggiano's has focused on execution of operating fundamentals to improve service and food for its guests. In fiscal 2020, Maggiano's also began testing electronic check presenters that facilitate a pay-at-the-table option to provide convenience and efficiency to guests and to increase digital guest engagement. Maggiano's also has an exclusive partnership with DoorDash. Our exclusive partnership creates a more affordable rate structure, making third party delivery more sustainable and efficient for the brand to operate. In fiscal 2020, our guests were given the ability to order delivery directly through our Maggiano's website, in addition from the DoorDash platforms. In fiscal 2019, Maggiano's opened its first franchise location in the Dallas Fort Worth International Airport. Progress for a second franchise airport location has been made.

Our global franchisees continue to grow the Chili's brand around the world, opening 23 restaurants in fiscal 2020 including our first Chili's restaurant in Vietnam. Our Chili's international franchisees are expected to open approximately 6-9 new restaurants in fiscal 2021. We plan to strategically pursue expansion of Chili's internationally through development agreements with new and existing franchise partners. During the COVID-19 pandemic, our franchise partners have experienced similar regulated closures both domestically and globally. During the fourth quarter of fiscal 2020, we have partnered with our domestic and global franchisees to offer certain royalty payment flexibility to help provide liquidity relief during this time.

RESULTS OF OPERATIONS

The following table sets forth selected operating data as a percentage of Total revenues (unless otherwise noted) for the periods indicated. All information is derived from the accompanying Consolidated Statements of Comprehensive Income:

	Fiscal Years Ended	
	June 24, 2020	June 26, 2019
Revenues		
Company sales ⁽¹⁾	97.6 %	96.5 %
Franchise and other revenues ⁽¹⁾	2.4 %	3.5 %
Total revenues ⁽¹⁾	100.0 %	100.0 %
Operating costs and expenses		
Food and beverage costs ⁽²⁾	26.6 %	26.5 %
Restaurant labor ⁽²⁾	34.8 %	34.1 %
Restaurant expenses ⁽²⁾	27.5 %	26.2 %
Depreciation and amortization ⁽¹⁾	5.3 %	4.6 %
General and administrative ⁽¹⁾	4.4 %	4.6 %
Other (gains) and charges ⁽¹⁾	1.5 %	(0.1)%
Total operating costs and expenses ⁽¹⁾	98.0 %	92.8 %
Operating income ⁽¹⁾	2.0 %	7.2 %
Interest expenses ⁽¹⁾	1.9 %	1.9 %
Other (income), net ⁽¹⁾	(0.1)%	0.0 %
Income before income taxes ⁽¹⁾	0.2 %	5.3 %
Provision (benefit) for income taxes ⁽¹⁾	(0.6)%	0.5 %
Net income ⁽¹⁾	0.8 %	4.8 %

(1) As a percentage of Total revenues

(2) As a percentage of Company sales

Revenues

Revenues are presented in two separate captions in the Consolidated Statements of Comprehensive Income to provide more clarity around Company-owned restaurant revenues and operating expenses trends:

- Company sales include revenues generated by the operation of Company-owned restaurants including sales made with gift card redemptions.
- Franchise and other revenues include Royalties and Franchise fees and other revenues. Franchise fees and other revenues include gift card breakage, Maggiano's banquet service charge income, franchise advertising fees, delivery fee income, digital entertainment revenues, gift card equalization, franchise and development fees, merchandise income, retail royalty revenues, and gift card discount costs from third-party gift card sales.

The following is a summary of the change in Total revenues:

	Total Revenues		
	Chili's	Maggiano's	Total Revenues
Fiscal year ended June 26, 2019	\$ 2,782.2	\$ 435.7	\$ 3,217.9
Change from:			
Comparable restaurant sales ⁽¹⁾	(226.6)	(82.2)	(308.8)
Restaurant openings	21.6	—	21.6
Restaurant relocations	(0.1)	—	(0.1)
Restaurant closings ⁽²⁾	(17.3)	—	(17.3)
Restaurant acquisitions ⁽³⁾	203.3	—	203.3
Company sales	(19.1)	(82.2)	(101.3)
Royalties ⁽⁴⁾	(19.1)	(0.1)	(19.2)
Franchise fees and other revenues	(12.3)	(6.6)	(18.9)
Franchise and other revenues	(31.4)	(6.7)	(38.1)
Fiscal year ended June 24, 2020	\$ 2,731.7	\$ 346.8	\$ 3,078.5

- (1) Comparable restaurant sales decreased due to the COVID-19 pandemic that impacted restaurant sales due to guests dining out less, temporary dining room closures and capacity limitations, partially offset by increased off-premise sales.
- (2) Restaurant closings include the impact of permanently closed locations, including temporary COVID-19 closures that have extended past 14 consecutive days.
- (3) Effective September 5, 2019, we acquired 116 Chili's restaurants from a franchisee. The revenues from these restaurants are included in Company sales subsequent to the acquisition date.
- (4) Royalties are based on franchise sales. Our franchisees generated sales of approximately \$833.7 million in fiscal 2020, and \$1,311.3 million in fiscal 2019. Lower royalties in fiscal 2020 are primarily due to the acquisition of 116 Chili's restaurants from a franchisee in the first quarter of fiscal 2020 and the adverse impact of the COVID-19 pandemic.

The table below presents the percentage change in comparable restaurant sales and restaurant capacity for fiscal 2020 compared to fiscal 2019:

	Percentage Change in the Fifty-Two Week Period Ended June 24, 2020 versus June 26, 2019				
	Comparable Sales ⁽¹⁾	Price Impact	Mix Shift ⁽²⁾	Traffic	Restaurant Capacity ⁽³⁾
Company-owned ⁽⁴⁾	(10.1)%	1.3%	(2.0)%	(9.4)%	9.5%
Chili's ⁽⁴⁾	(8.6)%	1.3%	(1.1)%	(8.8)%	10.0%
Maggiano's	(19.9)%	1.5%	(4.0)%	(17.4)%	0.3%
Chili's franchise ⁽⁴⁾⁽⁵⁾	(14.4)%				
U.S. ⁽⁴⁾	(10.1)%				
International	(23.1)%				
Chili's domestic ⁽⁴⁾⁽⁶⁾	(8.8)%				
System-wide ⁽⁴⁾⁽⁷⁾	(10.8)%				

(1) Comparable Restaurant Sales include all restaurants that have been in operation for more than 18 months except acquired restaurants which are included after more than 12 months ownership. Restaurants temporarily closed 14 days or more are excluded from comparable restaurant sales. Percentage amounts are calculated based on the comparable periods year-over-year.

(2) Mix-Shift is calculated as the year-over-year percentage change in Company sales resulting from the change in menu items ordered by guests.

(3) Restaurant Capacity is measured by sales weeks and is calculated based on comparable periods year-over-year. Chili's Company-owned Restaurant Capacity increased in fiscal 2020 primarily related to the acquisition of 116 Chili's restaurants in the first quarter of fiscal 2020. We believe the COVID-19 related restaurant closures are temporary and therefore no adjustment has been made to capacity.

(4) Chili's Company-owned Comparable Restaurant Sales exclude the impact from the 116 Chili's restaurants acquired in the first quarter of fiscal 2020. Chili's Franchise U.S. Comparable Restaurant Sales include sales from these 116 acquired restaurants until the September 5, 2019 acquisition date.

(5) Chili's Franchise sales generated by franchisees are not included in revenues in the Consolidated Statements of Comprehensive Income; however, we generate royalty revenues and advertising fees based on franchisee revenues, where applicable. We believe including franchise comparable restaurant sales provides investors information regarding brand performance that is relevant to current operations.

(6) Chili's Domestic Comparable Restaurant Sales percentages are derived from sales generated by Company-owned and franchise-operated Chili's restaurants in the United States.

(7) System-wide Comparable Restaurant Sales are derived from sales generated by Company-owned Chili's and Maggiano's restaurants in addition to the sales generated at franchise-operated Chili's restaurants.

Costs and Expenses

	Fiscal Years Ended					
	June 24, 2020		June 26, 2019		(Favorable) Unfavorable Variance	
	Dollars	% of Company Sales	Dollars	% of Company Sales	Dollars	% of Company Sales
Food and beverage costs	\$ 798.6	26.6%	\$ 823.0	26.5%	\$ (24.4)	0.1%
Restaurant labor	1,045.5	34.8%	1,059.7	34.1%	(14.2)	0.7%
Restaurant expenses	825.8	27.5%	812.3	26.2%	13.5	1.3%
Depreciation and amortization	162.3		147.6		14.7	
General and administrative	136.3		149.1		(12.8)	
Other (gains) and charges	47.4		(4.5)		51.9	
Interest expenses	59.6		61.6		(2.0)	
Other (income), net	(1.9)		(2.7)		0.8	

Food and beverage costs, as a percentage of Company sales, increased 0.1% consisting of 0.4% of unfavorable commodity pricing primarily related to beef and produce, partially offset by 0.3% of favorable menu pricing.

Restaurant labor, as a percentage of Company sales, increased 0.7% consisting of 1.1% of sales deleverage as a result of COVID-19, partially offset by 0.3% of lower manager bonus expenses and 0.1% of lower other net restaurant labor expenses. Hourly labor was flat due to higher wage rates offset by the impact of reduced staffing during the fiscal 2020 temporary closures and dining room limited capacities.

Restaurant expenses, as a percentage of Company sales, increased 1.3% consisting of 1.9% of sales deleverage and 1.1% of higher expenses primarily related to delivery fees and supplies in connection with the growth in off-premise sales. These increases were partially offset by 0.9% of lower advertising expenses, 0.4% of lower repairs and maintenance expenses and 0.4% of lower other net restaurant expenses.

Depreciation and amortization increased \$14.7 million as follows:

	Depreciation and Amortization
Fiscal year ended June 26, 2019	\$ 147.6
Change from:	
Additions for existing and new restaurant assets ⁽¹⁾	15.9
Finance leases ⁽²⁾	10.6
Acquisition of franchise restaurants ⁽³⁾	8.3
Corporate assets	1.6
Retirements and fully depreciated restaurant assets	(21.5)
Other	(0.2)
Fiscal year ended June 24, 2020	\$ 162.3

⁽¹⁾ Additions for existing and new restaurant assets increased primarily related to the Chili's remodel initiative and six new Chili's restaurants opened during fiscal 2020.

⁽²⁾ Finance leases increased primarily due to the new Chili's table-top devices installed during fiscal 2020.

⁽³⁾ Acquisition of franchise restaurants represents the depreciation and amortization of the assets and finance leases acquired of the 116 Chili's restaurants in the first quarter of fiscal 2020.

General and administrative expenses decreased \$12.8 million as follows:

	General and Administrative
Fiscal year ended June 26, 2019	\$ 149.1
Change from:	
Performance-based compensation	(7.8)
Professional and legal fees	(2.7)
Stock-based compensation	(1.9)
Other	(0.4)
Fiscal year ended June 24, 2020	<u>\$ 136.3</u>

Other (gains) and charges consisted of the following (for further details, refer to Note 8 - Other Gains and Charges):

	Fifty-Two Week Periods Ended	
	June 24, 2020	June 26, 2019
Restaurant impairment charges	\$ 19.1	\$ 10.8
COVID-19 related charges, net of (credits)	12.2	—
Restaurant closure charges	3.8	4.3
Remodel-related costs	3.2	7.7
Severance and other benefit charges	3.2	0.9
Corporate headquarters relocation charges	1.1	6.3
Property damages, net of (insurance recoveries)	(0.7)	(0.7)
Loss (gain) on sale of assets, net	(0.2)	(6.9)
Sale leaseback (gain), net of transaction charges	—	(27.3)
Other	5.7	0.4
	<u>\$ 47.4</u>	<u>\$ (4.5)</u>

Segment Results

Chili's Segment

	Fiscal Years Ended		Favorable (Unfavorable) Variance
	June 24, 2020	June 26, 2019	
Company sales	\$ 2,673.5	\$ 2,692.6	\$ (19.1)
Royalties	33.7	52.8	(19.1)
Franchise fees and other revenues	24.5	36.8	(12.3)
Franchise and other revenues	58.2	89.6	(31.4)
Total revenues	2,731.7	2,782.2	(50.5)
Company restaurant expenses ⁽¹⁾	2,363.2	2,329.6	(33.6)
Depreciation and amortization	133.9	120.1	(13.8)
General and administrative	32.1	38.7	6.6
Other (gains) and charges	35.3	(6.4)	(41.7)
Total operating costs and expenses	2,564.5	2,482.0	(82.5)
Operating income	\$ 167.2	\$ 300.2	\$ (133.0)
Operating income as a percentage of Total revenues	6.1%	10.8%	(4.7)%

⁽¹⁾ Company restaurant expenses include Food and beverage costs, Restaurant labor, and Restaurant expenses, including advertising.

Chili's Total revenues decreased 1.8% primarily due to the COVID-19 pandemic that impacted restaurant sales due to guests dining out less, temporary dining room closures and capacity limitations, partially offset by the acquisition of 116 Chili's restaurants in the first quarter of fiscal 2020 and increased off-premise sales. Refer to "Revenues" section above for further details about Chili's revenues changes.

Company restaurant expenses for Chili's, as a percentage of Company sales, increased 1.9% consisting of 2.2% of sales deleverage as a result of COVID-19, 1.4% of higher expenses primarily related to delivery fees and supplies in connection with the growth in off-premise sales, and 0.4% of unfavorable commodity pricing primarily related to beef and produce. These increases were partially offset by 1.0% of lower advertising expenses, 0.4% of lower repairs and maintenance expenses, 0.3% of favorable menu pricing, 0.3% of lower hourly wages as a result of reduced staffing during the fiscal 2020 temporary closures and dining room limited capacities and 0.1% of lower other net company restaurant expenses.

Other (gains) and charges for Chili's in fiscal 2020 consisted primarily of \$15.4 million of charges related to restaurant impairments, \$10.1 million of charges primarily related to the COVID-19 pandemic from employee relief payments and inventory spoilage, \$3.7 million related to restaurant closure expenses and \$3.2 million of remodel charges, partially offset by a \$3.7 million gain on modification of lease liability. Other (gains) and charges for Chili's in fiscal 2019 consisted primarily of gains of \$26.8 million related to the sale leaseback transactions and \$1.1 million on the gain on sale of land, partially offset by charges of \$10.8 million related to restaurant impairments, \$7.7 million of remodel write-offs, and \$4.0 million in charges related to restaurant closure expenses.

Depreciation and amortization for Chili's increased \$13.8 million consisting of \$14.3 million in existing and new restaurant additions primarily related to the Chili's remodel initiative and six new Chili's restaurants opened during fiscal 2020, \$10.5 million of additional amortization expenses related to the new Chili's table-top devices installed during fiscal 2020, and \$8.3 million of additional depreciation and amortization expenses related to the acquisition of 116 Chili's restaurants. These increases were partially offset by \$19.1 million related to fully depreciated assets and retirements and \$0.2 million in other depreciation and amortization expenses decreases.

General and administrative decreased \$6.6 million that primarily consisted of a \$2.9 million decrease in performance-based compensation and \$2.8 million of payroll-related expenses.

Maggiano's Segment

	Fiscal Years Ended		Favorable (Unfavorable) Variance
	June 24, 2020	June 26, 2019	
Company sales	\$ 331.4	\$ 413.6	\$ (82.2)
Royalties	0.2	0.3	(0.1)
Franchise fees and other revenues	15.2	21.8	(6.6)
Franchise and other revenues	15.4	22.1	(6.7)
Total revenues	346.8	435.7	(88.9)
Company restaurant expenses ⁽¹⁾	306.1	364.8	58.7
Depreciation and amortization	15.4	16.2	0.8
General and administrative	5.7	6.1	0.4
Other (gains) and charges	6.8	1.0	(5.8)
Total operating costs and expenses	334.0	388.1	54.1
Operating income	\$ 12.8	\$ 47.6	\$ (34.8)
Operating income as a percentage of Total revenues	3.7%	10.9%	(7.2)%

⁽¹⁾ Company restaurant expenses includes Food and beverage costs, Restaurant labor, and Restaurant expenses, including advertising expenses.

Maggiano's Total revenues decreased 20.4% due to the COVID-19 pandemic that impacted restaurant sales from guests dining out less, the temporary dining and banquet room closures and limited capacity of reopened locations, partially offset by increased off-premise sales. Refer to "Revenues" section above for further details about Maggiano's revenues changes.

Company restaurant expenses for Maggiano's, as a percentage of Company sales, increased 4.2% consisting of 6.0% of sales deleverage as a result of COVID-19 and 0.3% of higher expenses primarily related to delivery fees and supplies in connection with the growth in off-premise sales. These increases were partially offset by 1.5% of lower manager and hourly labor expenses as a result of reduced staffing during the fiscal 2020 temporary closures and dining room limited capacities, 0.3% of lower repairs and maintenance expenses, and 0.3% of favorable menu pricing.

Other (gains) and charges for Maggiano's in fiscal 2020 consisted primarily of \$3.8 million of charges related to restaurant impairments and \$2.0 million of charges primarily related to the COVID-19 pandemic from employee relief payments and costs related to canceled projects due to the pandemic.

Income Taxes

	Fiscal Years Ended		Change
	June 24, 2020	June 26, 2019	
Effective income tax rate	(398.0)%	9.8%	(407.8)%

The federal statutory tax rate was 21.0% for both fiscal 2020 and 2019.

The effective income tax rate changed in fiscal 2020 primarily driven by the leverage on the FICA tax credit relative to the Income before income taxes in fiscal 2020, and the impact of lower Income before income taxes due to the COVID-19 pandemic in the last sixteen weeks of fiscal 2020. Our fiscal 2019 effective income tax rate was lower than the federal statutory tax rate due to the FICA tax credit benefit, partially offset by the impact of the taxable gain related to the sale leaseback transactions. During fiscal 2019, the sale leaseback transactions resulted in tax expenses of \$78.6 million, which were paid in full during fiscal 2019. Refer to Note 4 - Leases included within Part II, Item 8 - Financial Statements and Supplementary Data Notes to the Consolidated Financial Statements for more information.

LIQUIDITY AND CAPITAL RESOURCES

COVID-19 Impact on Liquidity

Typically, cash flows generated from operating activities are our principal source of liquidity, which we use to finance capital expenditures, such as remodels, maintaining existing restaurants and constructing new restaurants, to pay dividends and to repurchase shares of our common stock. We currently anticipate the decreased sales to continue into fiscal 2021 for the majority of our Company-owned restaurants. We expect all our restaurants will continue offering off-premise options in addition to their dining rooms, except for nine restaurants that have been temporarily closed due to their location within a closed structure or other local regulations as of June 24, 2020. Our strategic decision to enhance our off-premise business has enabled us to conveniently serve a significantly higher volume of off-premise guests during this pandemic. In response to the pandemic, due to the uncertainty in the economy and to preserve liquidity, we have taken proactive precautionary measures to raise additional capital, reduce costs and pause non-critical projects that do not significantly impact our current operations. These measures included:

- Issuing common stock for net proceeds of \$139.1 million to provide additional liquidity, and amended our revolving credit facility to provide additional flexibility during this time;
- Significantly reducing capital expenditures to essential spend only, including suspending the Chili's remodel program and delaying construction of new restaurants;
- Temporarily reducing pay for corporate leadership and team members, as well as above-restaurant level leadership in the fourth quarter of fiscal 2020;
- Reducing marketing, general and administrative and restaurant expenses to support the current operations;
- Suspending the quarterly cash dividend and the share repurchase program; and
- Engaging in discussions with our landlords, vendors and other business partners to temporarily reduce or defer our lease and other contractual payments and obtain other concessions in the fourth quarter of fiscal 2020. Refer to Note 2 - Novel Coronavirus Pandemic within Part II, Item 8 - Financial Statements and Supplementary Data Notes to the Consolidated Financial Statements for more information.

As of July 29, 2020, we had total liquidity of \$576.2 million, comprised of total cash and revolver availability. We believe we have sufficient liquidity with our current capital position and continued growth in sales to cover all current obligations over the next twelve months.

In the fourth quarter of fiscal 2020, S&P lowered our corporate credit rating to B+ with negative outlook. Moody's also lowered us to a corporate family rating B1 with negative outlook. The downgrades were a result of the COVID-19 impact on the restaurant sector that has been one of the sectors most significantly affected given its sensitivity to consumer demand and sentiment, and the unprecedented precautionary measures implemented by state and local governments, including temporary closures. Refer to Part I, Item 1A. Risk Factors for further details.

CARES Act Impact

In the fourth quarter of fiscal 2020, the United States government passed a \$2.0 trillion Coronavirus Aid, Relief and Economic Security Act ("CARES Act") designed primarily to help keep businesses running during and after the pandemic. The CARES Act included provisions for certain deductions and tax credits, filing deadline extensions, filing payment deadlines and making available certain grant money to assist in this pandemic. As of June 24, 2020, this legislation will allow us to:

- Reduce our fiscal 2020 payroll tax liability by utilizing employee retention credits to assist with employee payroll costs during this outbreak of \$7.9 million
- Amend our 2018 and 2019 U.S. Income Tax Returns in order to claim additional depreciation deductions related to qualified improvement property that will allow us to generate aggregate refunds of \$4.6 million, and upon filing our fiscal 2020 U.S. Income Tax Return we anticipate to include a benefit related to the additional depreciation on qualified improvement property of approximately \$2.0 million

- Defer the employer portion of certain payroll taxes, totaling \$12.9 million which will be repaid in two equal installments: on December 31, 2021, and December 31, 2022

Cash Flows

Cash Flows from Operating Activities

	Fiscal Years Ended		Favorable (Unfavorable) Variance
	June 24, 2020	June 26, 2019	
Net cash provided by operating activities	\$ 245.0	\$ 212.7	\$ 32.3

Net cash from operating activities increased primarily due to \$78.6 million of taxes paid related to the sale leaseback transactions during fiscal 2019, \$16.4 million of higher gift card sales, net of redemptions due to the COVID-19 pandemic, and CARES Act credits and deferments as discussed above in the “CARES Act Impact” section. These increases were partially offset by lower sales in the third and fourth quarters of fiscal 2020 as a result of the COVID-19 pandemic.

Cash Flows from Investing Activities

	Fiscal Years Ended		Favorable (Unfavorable) Variance
	June 24, 2020	June 26, 2019	
Cash flows from investing activities			
Payments for property and equipment	\$ (104.5)	\$ (167.6)	\$ 63.1
Payments for franchise restaurant acquisitions	(94.6)	(3.1)	(91.5)
Proceeds from sale of assets	1.2	1.6	(0.4)
Insurance recoveries	1.1	1.7	(0.6)
Proceeds from note receivable	2.8	2.8	—
Proceeds from sale leaseback transactions, net of related expenses	—	485.9	(485.9)
Net cash (used in) provided by investing activities	\$ (194.0)	\$ 321.3	\$ (515.3)

Net cash from investing activities decreased primarily due to \$485.9 million in net cash proceeds received from the sale leaseback transactions during fiscal 2019. Additionally, \$91.5 million cash consideration and related transactional charges were paid for the purchase of 116 Chili’s restaurants from a franchisee during fiscal 2020. These decreases were partially offset by \$63.1 million of lower capital expenditures in fiscal 2020 primarily related to a decline in the pace of the Chili’s remodel program and fiscal 2019 expenditures for our new corporate headquarters, partially offset by an increase in new restaurant construction during fiscal 2020.

Cash Flows from Financing Activities

	Fiscal Years Ended		Favorable (Unfavorable) Variance
	June 24, 2020	June 26, 2019	
Cash flows from financing activities			
Borrowings on revolving credit facility	\$ 808.4	\$ 853.0	\$ (44.6)
Payments on revolving credit facility	(858.8)	(1,150.0)	291.2
Purchases of treasury stock	(32.4)	(167.7)	135.3
Payments on long-term debt	(17.8)	(9.5)	(8.3)
Payments of dividends	(57.4)	(60.3)	2.9
Proceeds from issuance of common stock	146.9	—	146.9
Proceeds from issuance of treasury stock	1.6	3.0	(1.4)
Payments for common stock issuance costs	(7.8)	—	(7.8)
Payments for debt issuance costs	(3.2)	—	(3.2)
Net cash used in financing activities	\$ (20.5)	\$ (531.5)	\$ 511.0

Revolving Credit Facility

Net repayments of \$50.4 million were made during fiscal 2020 on the \$1.0 billion revolving credit facility primarily from funds received from the common stock issuance during the fourth quarter of fiscal 2020, partially offset by cash used to fund ongoing business operations, the acquisition of Chili's restaurants and share repurchases. As of June 24, 2020, \$527.1 million was available under the revolving credit facility. Our revolving credit facility interest rate as of June 24, 2020 was 3.100%, which is the total of LIBOR plus our applicable margin. Additionally, the revolving credit facility is subject to a 40 basis points facility fee on the total \$1.0 billion credit facility.

During fiscal 2020, we executed three amendments to our revolving credit facility, which modified the maturity date of the facility, provided additional financial flexibility, and added certain restrictions as follows:

- Modified the maturity date of the \$110.0 million portion of the facility to expire on September 12, 2021, which coincides with the maturity date for the \$890.0 million portion
- Secured a waiver of compliance with financial covenants effective the third quarter of fiscal 2020 until the end of the third quarter of fiscal 2021
- Imposed a minimum liquidity covenant (defined as availability under the revolving credit facility plus unrestricted cash and cash equivalents) to require at least \$175.0 million through the third quarter of fiscal 2021
- Increased interest rates temporarily, from the fourth quarter of fiscal 2020 through the third quarter of fiscal 2021, to be fixed at LIBOR plus 2.350%. After this temporary period, the interest rate will return to LIBOR plus an applicable margin, which is a function of our credit rating and debt to cash flow ratio, but is subject to a maximum of LIBOR plus 1.700%. Additionally the LIBOR floor was permanently increased to 0.750%
- Increased facility fee temporarily to 40 basis points from the fourth quarter of fiscal 2020 through the third quarter of fiscal 2021. After this temporary period, the facility fee will return to a set fee schedule which is a function of our credit rating, but is subject to a maximum of 30 basis points
- Prohibited from making dividends, stock repurchases and investments from the fourth quarter of fiscal 2020 through the third quarter of fiscal 2021, and following this period, we will be subject to a \$50.0 million aggregate limitation on dividends, stock repurchases and investments
- Expanded the collateral securing the revolving credit facility, including intellectual property, among other things, and provided additional subsidiary guarantees

As of June 24, 2020, pursuant to the amendments to the revolving credit facility described above, and under the terms of the indentures governing our 2023 Notes and 2025 Notes, we are in compliance with our covenants. Refer to Note 12 - Debt for further information about our notes and revolving credit facility.

Subsequent to fiscal 2020 year-end, on July 23, 2020, we executed the seventh amendment to our revolving credit facility. This amendment extends the maturity date to December 12, 2022, and has a required commitment reduction to \$900.0 million on September 12, 2021 if the commitments have not previously been reduced to or below such commitment level by the issuance of certain debt or preferred equity interests. The revolving credit facility will bear interest of LIBOR, through December 2021, plus an applicable margin of between 2.250% to 3.000%, and an undrawn commitment fee of 0.350% to 0.500%, both based on a function of our debt-to-cash-flow ratio. In the event of incurrence of more than \$250.0 million of certain debt, our interest rate will be further lowered by 0.250%, and the facility fee lowered by 0.100%. Upon LIBOR's expiration in December 2021, our interest rate will be a function of a similar, publicly available, Eurodollar rate. Additionally, subsequent to the end of fiscal 2020, \$18.4 million additional net borrowings were drawn on the revolving credit facility as of the date that this Annual Report on Form 10-K was filed.

Common Stock Issuance

In the fourth quarter of fiscal 2020, we sold 8.1 million shares of our common stock at a price to the public of \$18.25 per share. Total net proceeds raised from the offering were \$139.1 million, after deducting the professional expenses. This common stock issuance was executed in part to provide additional capital through the course of the COVID-19 pandemic and for general corporate purposes.

Share Repurchase Program

In the fourth quarter of fiscal 2020, our Board of Directors voted to suspend our share repurchase program due to uncertainty surrounding the duration of closures of our dining rooms and other restrictions mandated by state and local governments in response to COVID-19. Additionally, the amended revolving credit facility restricts our ability to repurchase shares until the fourth quarter of fiscal year 2021, and subjects any share purchases thereafter, along with dividends paid and investments, to an aggregate cap. Before this suspension, in fiscal 2020, we repurchased 0.8 million shares of our common stock for \$32.4 million. The repurchased shares during fiscal 2020 included shares purchased as part of our share repurchase program as well as shares repurchased to satisfy team member tax withholding obligations on the vesting of restricted shares. Repurchased shares are reflected as an increase in Treasury stock within Shareholders' deficit in the Consolidated Balance Sheets. Our share repurchase program has been used to return capital to shareholders and to minimize the dilutive impact of stock options and other share-based awards. At June 24, 2020, we had \$166.8 million remaining under the suspended share repurchase program.

Dividend Program

In the fourth quarter of fiscal 2020, our Board of Directors voted to suspend the quarterly cash dividend due to uncertainty surrounding the duration of closures of our dining rooms and other restrictions mandated by state and local governments in response to COVID-19. Additionally, the amended revolving credit facility restricts our ability to pay dividends until the fourth quarter of fiscal year 2021, and subjects any dividends paid thereafter, along with share purchases and investments, to an aggregate cap. Following the expiration of these restrictions under our amended revolving credit facility, in the fourth quarter of fiscal year 2021, the Board of Directors will reevaluate the suspension based on current business conditions at that time. There is significant uncertainty regarding the future impact of the pandemic on the restaurant industry and the broader U.S. economy. Before this suspension, we paid dividends of \$57.4 million in fiscal 2020 to common stock shareholders, compared to \$60.3 million in fiscal 2019.

Cash Flow Outlook

We believe that our various sources of capital, including future cash flow from operating activities and availability under our existing credit facility are adequate to finance operations as well as the repayment of current debt obligations within the next year. We continue to serve customers at most of our locations through our off-premise offerings and limited capacity dining rooms. We will continue to monitor the situation and intend to resume normal business operations on a case-by-case basis when permitted under applicable government regulations and when we believe we are able to

do so safely. Please refer above to COVID-19 Impact on Liquidity for further details on our actions to maintain our liquidity position during this pandemic.

We are not aware of any other event or trend that would potentially materially affect our liquidity. In the event such a trend develops, we believe that there are sufficient funds available under our credit facility and from our internal cash generating capabilities to adequately manage our ongoing business.

Future Commitments and Contractual Obligations

Payments due under our contractual obligations for outstanding indebtedness, leases, and purchase obligations as defined by the Securities and Exchange Commission (“SEC”) as of June 24, 2020 are as follows:

	Payments Due by Period					Total
	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years		
Long-term debt ⁽¹⁾	\$ —	\$ 772.9	\$ 350.0	\$ —	\$	1,122.9
Interest ⁽²⁾	44.4	61.4	26.2	—		132.0
Finance leases ⁽³⁾	17.8	42.3	20.9	53.6		134.6
Operating leases ⁽³⁾	179.4	323.0	280.8	854.2		1,637.4
Purchase obligations ⁽⁴⁾	15.8	20.2	12.4	6.3		54.7

⁽¹⁾ Long-term debt consists of principal amounts owed on the revolving credit facility, 3.875% and 5.000% notes. As of June 24, 2020, \$527.1 million of credit is available under the revolving credit facility. The revolving credit facility is due in September 2021.

⁽²⁾ Interest consists of remaining interest payments on the 3.875% and 5.000% notes totaling \$113.6 million and remaining interest payments on the revolver totaling \$18.4 million. The interest rates on the notes are fixed whereas the interest rate on the revolver is variable based on LIBOR and our applicable margin. We have assumed that the revolver balance carried will be \$491.3 million in fiscal 2021 and fiscal 2022 until the maturity date of September 12, 2021 using the interest rate of 3.100%, which is the total of LIBOR plus our applicable margin as of June 24, 2020.

⁽³⁾ Finance leases and Operating leases total future lease payments represent the contractual obligations due under the contract, including cancelable option periods where we are reasonably assured to exercise the options. As of June 24, 2020, these total future lease payments included non-cancelable lease commitments of \$113.4 million for finance leases, and \$1,083.4 million for operating leases.

⁽⁴⁾ Purchase obligations are defined as an agreement to purchase goods or services that is enforceable and legally binding on us and that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Our purchase obligations primarily consist of long-term obligations for the purchase of fountain beverages and professional services contracts and exclude agreements that are cancelable without significant penalty.

In addition to the amounts shown in the table above, \$2.1 million of unrecognized tax benefits have been recorded as liabilities. The timing and amounts of future cash payments related to these liabilities are uncertain.

IMPACT OF INFLATION

We have experienced impact from inflation. Inflation has caused increased food, labor and benefits costs and has increased our operating expenses. To the extent permitted by competition, increased costs are recovered through a combination of menu price increases and reviewing, then implementing, alternative products or processes, or by implementing other cost reduction procedures.

OFF-BALANCE SHEET ARRANGEMENTS

We have obligations for guarantees on certain lease agreements and letters of credit as disclosed in Note 18 - Commitments and Contingencies, and have entered into certain pre-commencement leases as disclosed in Note 4 - Leases included within Part II, Item 8 - Financial Statements and Supplementary Data, Notes to the Consolidated Financial Statements of this Annual Report on Form 10-K. Other than these items, we do not have any off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

Our significant accounting policies are disclosed in Note 1 - Nature of Operations and Summary of Significant Accounting Policies in Part II, Item 8 - Financial Statements and Supplementary Data, Notes to the Consolidated Financial Statements. The following discussion addresses our most critical accounting estimates, which are those that are most important to the portrayal of our financial condition and results, and that require significant judgment.

Leases

Effective the first day of fiscal 2020, we adopted the FASB Accounting Standards Codification (“ASC”) Topic 842, Leases (“ASC 842”) as described in Note 1 - Nature of Operations and Summary of Significant Accounting Policies and Note 4 - Leases of the Notes to the Consolidated Financial Statements. Upon adoption, we recognized operating lease assets of \$1.0 billion and corresponding operating lease liabilities of \$1.2 billion.

At the inception of each lease, we evaluate the property and the lease to determine whether the lease is an operating or a finance lease. This lease accounting evaluation may require significant judgment in determining the fair value and useful life of the leased property and the appropriate reasonably certain lease term. These judgments may produce materially different amounts of rent expense in a given reporting period than would be reported if different assumed lease terms were used.

Our lease agreements generally do not provide information to determine the implicit interest rate, so we determine the applicable incremental borrowing rate (“IBR”) used to calculate the initial lease liability for each lease. We have derived our incremental borrowing rate using the interest rate we would pay on our existing borrowings, adjusted for the effect of designating collateral and the lease terms using market data as well as publicly available data for instruments with similar characteristics. The reasonably certain lease term and incremental borrowing rate for each lease requires judgment by management and can impact the classification and accounting for a lease as operating or finance, as well as the value of the right-of-use asset and lease liability.

We also estimate the reasonably certain lease term at inception. The lease term commences on the date the lessor makes the underlying property available, irrespective of when lease payments begin under the contract. When determining the lease term at commencement, we consider both termination and renewal option periods available, and only include the period for which failure to renew the lease imposes a penalty on us in such an amount that renewal, or termination options, appear to be reasonably certain. Such an economic penalty would typically result from having to abandon a building or equipment with remaining economic value upon vacating a property. Our judgment in determining the appropriate expected lease term affects our evaluation of the classification and accounting for leases as finance versus operating, and the period over which the operating lease asset is amortized. These judgments may produce materially different amounts of depreciation, amortization and rent expense than would be reported if different expected lease terms were used.

Income Taxes

We make certain estimates and judgments in the calculation of tax expenses, the resulting tax liabilities, and in the recoverability of deferred tax assets that arise from temporary differences between the tax and financial statement carrying amounts of existing assets and liabilities and their respective tax bases. When considered necessary, we record a valuation allowance to reduce deferred tax assets to a balance that is more likely than not to be recognized. We use an estimate of our annual effective tax rate at each interim period based on the facts and circumstances available at that time while the actual effective tax rate is calculated at year-end.

We have recorded deferred tax assets reflecting the benefit of income tax credits and state loss carryforwards, which expire in varying amounts. Realization is dependent on generating sufficient taxable income in the relevant jurisdiction prior to expiration of the income tax credits and state loss carryforwards. Although realization is not assured, management believes it is more likely than not that the recognized deferred tax assets will be realized. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income in the carryforward period are reduced.

We record a liability for unrecognized tax benefits resulting from tax positions taken, or expected to be taken, in an income tax return. We recognize any interest and penalties related to unrecognized tax benefits in income tax expenses. Significant judgment is required in assessing, among other things, the timing and amounts of deductible and taxable items. Tax reserves are evaluated and adjusted as appropriate, while taking into account the progress of audits of various taxing jurisdictions.

In addition to the risks related to the effective tax rate described above, the effective tax rate reflected in forward-looking statements is based on current tax law. Any significant changes in the tax laws could affect these estimates.

Valuation of Long-Lived Assets

We review the carrying amount of property and equipment semi-annually or when events or circumstances indicate that the carrying amount may not be recoverable. The impairment test is a two-step process. Step one includes comparing the operating cash flows of the restaurants over their remaining service life to the carrying value of the asset group. If the cash flows exceed the carrying value, then the asset group is not impaired and no further evaluation is required. If the carrying value of the asset group exceeds its cash flows, impairment may exist and performing step two is necessary to determine the impairment loss. If the carrying amount is not recoverable, we record an impairment charge for the excess of the carrying amount over the fair value of the asset group. We determine fair value based on discounted projected future operating cash flows of the restaurants over their remaining service life using a risk adjusted discount rate. This process requires the use of estimates and assumptions, which are subject to a high degree of judgment.

Valuation of Goodwill

We assess the recoverability of goodwill related to our restaurant brands on an annual basis or more often if circumstances or events indicate impairment may exist. We may elect to perform a qualitative assessment to determine whether it is more likely than not that a reporting unit is impaired. In considering the qualitative approach, we evaluate factors including, but not limited to, macro-economic conditions, market and industry conditions, commodity cost fluctuations, competitive environment, share price performance, results of prior impairment tests, operational stability and the overall financial performance of the reporting units.

If the qualitative assessment is not performed or if we determine that it is not more likely than not that the fair value of the reporting unit exceeds the carrying value, the fair value of the reporting unit is calculated. We determine fair value based on a combination of market-based values and discounted projected future operating cash flows of the reporting units using a risk adjusted discount rate that is commensurate with the risk inherent in our current business model. We make assumptions regarding future revenues and cash flows, expected growth rates, terminal values and other factors which could significantly impact the fair value calculations. The carrying value of the reporting unit is compared to its estimated fair value, with any excess of carrying value over fair value deemed to be an indicator of impairment. In the event that these assumptions change in the future, we may be required to record impairment charges related to goodwill.

We consider our restaurants brands, Chili's and Maggiano's, to be both our operating segments and reporting units. The carrying value of goodwill as of June 24, 2020 was \$187.6 million, which related to both of our reporting units. We performed our annual impairment test in the second quarter of fiscal 2020 by utilizing the qualitative approach and determined that there were no events or circumstances to indicate that it was more likely than not that the fair value of our reporting units was less than their carrying values.

During the third quarter of fiscal 2020, we performed a quantitative assessment of our goodwill due to the impact of the COVID-19 pandemic on the market. Based on our assessment as of March 25, 2020, we determined that our goodwill and indefinite-lived intangible assets were not impaired at that time. Additionally, we updated the assessment

during the fourth quarter of fiscal 2020 and determined no triggering event existed based on improved market value and actual results compared to forecast for the third quarter of fiscal 2020. This assessment is predicated on our ability to continue to operate dining and banquet rooms, and generate off-premise sales at our restaurants. Management's judgment about the short and long term impacts of the pandemic could change as additional facts become known and therefore affect these conclusions. We will continue to monitor and evaluate our results and evaluate the likelihood of any potential impairment charges at our restaurants and reporting units. Sales declines at our restaurants, unplanned increases in commodity or labor costs, deterioration in overall economic conditions and challenges in the restaurant industry may result in future impairment charges. It is possible that changes in circumstances or changes in our judgments, assumptions and estimates could result in an impairment charge of a portion or all of our goodwill or other intangible assets.

Insurance Reserves

We are self-insured for certain losses related to health, general liability and workers' compensation. We maintain stop loss coverage with third party insurers to limit our total exposure. We record a liability for all unresolved claims and for an estimate of incurred but not reported claims at the anticipated cost that falls below our specified retention levels or per-claim deductible amounts. This liability represents an estimate of the ultimate cost of claims incurred and unpaid as of the balance sheet date.

In establishing our reserves, we consider certain actuarial assumptions and judgments regarding economic conditions, the frequency and severity of claims and claim development history and settlement practices. The estimated liability is not discounted and is established based upon analysis of historical data and actuarial estimates and is reviewed on a quarterly basis to ensure that the liability is appropriate. If actual results are not consistent with our estimates or assumptions, we may be exposed to losses or gains that could be material.

Legal Contingencies

We are subject to various lawsuits, administrative proceedings, audits, and claims arising in the ordinary course of business. Some of these lawsuits purport to be class actions and/or seek substantial damages. The outcomes of legal proceedings and claims brought against us are subject to significant uncertainty. An estimated loss from a loss contingency such as a legal proceeding or claim is accrued to expense if it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. In determining whether a loss should be accrued we evaluate, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. Changes in these factors could materially impact our consolidated financial statements.

Gift Card Revenues Recognition

Proceeds from the sale of gift cards are recorded as deferred revenues and recognized as revenues when the gift card is redeemed by the holder. Breakage income represents the value associated with the portion of gift cards sold that will most likely never be redeemed. Effective fiscal 2019, with the adoption of ASC 606, breakage revenues are recognized proportionate to the pattern of related gift card redemptions. Before fiscal 2019, based on our historical gift card redemption patterns and considering our gift cards did not have expiration dates or dormancy fees, we reasonably estimated the amount of gift card balances for which redemption was remote and recorded breakage income based on this estimate. We recognize breakage income in Franchise and other revenues in the Consolidated Statements of Comprehensive Income.

We update our breakage rate estimate periodically and, if necessary, adjust the deferred revenues balance accordingly. If actual redemption patterns vary from our estimate, actual gift card breakage income may differ from the amounts recorded. Changing our breakage-rate assumption used to record fiscal 2020 breakage by 25 basis points would result in an impact to the consolidated statement of comprehensive income of approximately \$0.4 million.

Effect of New Accounting Standards

The impact of new accounting pronouncements can be found at Note 19 - Effect of New Accounting Standards in Part II, Item 8 - Financial Statements and Supplementary Data, Notes to the Consolidated Financial Statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This market risk discussion contains forward-looking statements. Actual results may differ materially from this discussion based upon general market conditions and changes in domestic and global financial markets.

Interest Rate Risk

We are exposed to interest rate risk on short-term and long-term financial instruments carrying variable interest rates. The variable rate financial instruments consist of the outstanding borrowings on our revolving credit facility. At June 24, 2020, \$472.9 million was outstanding under the revolving credit facility. The impact on our annual results of operations of a hypothetical one-point interest rate change on the outstanding balance of these variable rate financial instruments as of June 24, 2020 would be approximately \$4.7 million.

Food and Commodity Price Risk

We purchase certain commodities such as beef, pork, poultry, seafood, dairy, produce, food oils, and natural gas. These commodities are generally purchased based upon market prices established with vendors. These purchase arrangements may contain contractual features that fix the price paid for certain commodities. We do not use financial instruments to hedge commodity prices because these purchase arrangements help control the ultimate cost paid.

Impact of Inflation

We believe that our results of operations are not materially impacted by moderate changes in the inflation rate. Inflation did not have a material impact on our operations in fiscal 2020, 2019 or 2018. However, severe increases in inflation could affect the United States or global economies and have an adverse impact on our business, financial condition and results of operations. If several of the various costs in our business experience inflation at the same time, such as commodity price increases beyond our ability to control and increased labor costs, we may not be able to adjust prices to sufficiently offset the effect of the various cost increases without negatively impacting consumer demand.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**BRINKER INTERNATIONAL, INC.
Consolidated Financial Statements
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BRINKER INTERNATIONAL, INC.
Consolidated Statements of Comprehensive Income
(In millions, except per share amounts)

	Fiscal Years Ended		
	June 24, 2020	June 26, 2019	June 27, 2018
Revenues			
Company sales	\$ 3,004.9	\$ 3,106.2	\$ 3,041.5
Franchise and other revenues	73.6	111.7	93.9
Total revenues	<u>3,078.5</u>	<u>3,217.9</u>	<u>3,135.4</u>
Operating costs and expenses			
Food and beverage costs	798.6	823.0	796.0
Restaurant labor	1,045.5	1,059.7	1,033.9
Restaurant expenses	825.8	812.3	757.5
Depreciation and amortization	162.3	147.6	151.4
General and administrative	136.3	149.1	136.0
Other (gains) and charges	47.4	(4.5)	34.5
Total operating costs and expenses	<u>3,015.9</u>	<u>2,987.2</u>	<u>2,909.3</u>
Operating income	62.6	230.7	226.1
Interest expenses	59.6	61.6	59.0
Other (income), net	(1.9)	(2.7)	(3.1)
Income before income taxes	4.9	171.8	170.2
Provision (benefit) for income taxes	(19.5)	16.9	44.3
Net income	<u>\$ 24.4</u>	<u>\$ 154.9</u>	<u>\$ 125.9</u>
Basic net income per share	<u>\$ 0.64</u>	<u>\$ 4.04</u>	<u>\$ 2.75</u>
Diluted net income per share	<u>\$ 0.63</u>	<u>\$ 3.96</u>	<u>\$ 2.72</u>
Basic weighted average shares outstanding	<u>38.2</u>	<u>38.3</u>	<u>45.7</u>
Diluted weighted average shares outstanding	<u>38.9</u>	<u>39.1</u>	<u>46.3</u>
Other comprehensive income (loss)			
Foreign currency translation adjustment	\$ (0.6)	\$ 0.2	\$ 0.2
Other comprehensive income (loss)	(0.6)	0.2	0.2
Comprehensive income	<u>\$ 23.8</u>	<u>\$ 155.1</u>	<u>\$ 126.1</u>

See accompanying Notes to the Consolidated Financial Statements

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

	June 24, 2020	June 26, 2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 43.9	\$ 13.4
Accounts receivable, net	52.3	55.0
Inventories	27.3	23.2
Restaurant supplies	51.6	47.1
Prepaid expenses	13.9	23.7
Income taxes receivable, net	35.4	14.6
Total current assets	224.4	177.0
Property and equipment, at cost		
Land	34.2	33.4
Buildings and leasehold improvements	1,534.4	1,454.6
Furniture and equipment	785.7	757.5
Construction-in-progress	24.4	19.2
	2,378.7	2,264.7
Less accumulated depreciation and amortization	(1,573.4)	(1,509.6)
Net property and equipment	805.3	755.1
Other assets		
Operating lease assets (Note 4)	1,054.6	—
Goodwill	187.6	165.5
Deferred income taxes, net (Note 4)	38.2	112.0
Intangibles, net	23.0	22.3
Other	22.9	26.4
Total other assets	1,326.3	326.2
Total assets	\$ 2,356.0	\$ 1,258.3
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	\$ 104.9	\$ 97.5
Gift card liability	109.9	100.9
Accrued payroll	65.2	82.1
Operating lease liabilities (Note 4)	117.3	—
Other accrued liabilities	100.6	141.1
Total current liabilities	497.9	421.6
Long-term debt and finance leases, less current installments	1,208.5	1,206.6
Long-term operating lease liabilities, less current portion (Note 4)	1,061.6	—
Deferred gain on sale leaseback transactions (Note 4)	—	255.3
Other liabilities (Note 4)	67.1	153.0
Commitments and contingencies (Note 18)		
Shareholders' deficit		
Common stock (250.0 million authorized shares; \$0.10 par value; 70.3 million shares issued and 45.0 million shares outstanding at June 24, 2020, and 176.2 million shares issued and 37.5 million shares outstanding at June 26, 2019)	7.0	17.6
Additional paid-in capital	669.4	522.0
Accumulated other comprehensive loss	(6.2)	(5.6)
Retained (deficit) earnings	(397.5)	2,771.2
Treasury stock, at cost (25.3 million shares at June 24, 2020, and 138.7 million shares at June 26, 2019)	(751.8)	(4,083.4)
Total shareholders' deficit	(479.1)	(778.2)
Total liabilities and shareholders' deficit	\$ 2,356.0	\$ 1,258.3

See accompanying Notes to the Consolidated Financial Statements

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

	Fiscal Years Ended		
	June 24, 2020	June 26, 2019	June 27, 2018
Cash flows from operating activities			
Net income	\$ 24.4	\$ 154.9	\$ 125.9
Adjustments to reconcile Net income to Net cash provided by operating activities:			
Depreciation and amortization	162.3	147.6	151.4
Stock-based compensation	14.8	16.4	14.2
Restructure charges and other impairments	28.9	26.5	21.7
Net loss (gain) on disposal of assets	1.2	(33.1)	1.6
Undistributed loss on equity investments	—	—	0.3
Other	2.8	3.0	3.1
Changes in assets and liabilities:			
Accounts receivable, net	4.1	(3.0)	(3.3)
Inventories	(2.8)	1.0	—
Restaurant supplies	(1.2)	(0.6)	(1.2)
Prepaid expenses	7.2	(3.0)	(1.7)
Operating lease assets, net of liabilities	3.6	—	—
Deferred income taxes, net	8.6	(75.8)	3.4
Other assets	0.1	0.9	0.3
Accounts payable	9.8	(4.1)	1.6
Gift card liability	6.3	(10.1)	(7.3)
Accrued payroll	(17.8)	6.8	4.2
Other accrued liabilities	4.0	(7.7)	(6.8)
Current income taxes	(20.7)	(12.7)	(14.9)
Other liabilities	9.4	5.7	(8.0)
Net cash provided by operating activities	245.0	212.7	284.5
Cash flows from investing activities			
Payments for property and equipment	(104.5)	(167.6)	(101.3)
Payments for franchise restaurant acquisitions	(94.6)	(3.1)	—
Proceeds from note receivable	2.8	2.8	1.9
Proceeds from sale of assets	1.2	1.6	19.9
Insurance recoveries	1.1	1.7	1.7
Proceeds from sale leaseback transactions, net of related expenses	—	485.9	—
Net cash (used in) provided by investing activities	(194.0)	321.3	(77.8)
Cash flows from financing activities			
Payments on revolving credit facility	(858.8)	(1,150.0)	(588.0)
Borrowings on revolving credit facility	808.4	853.0	1,016.0
Payments of dividends	(57.4)	(60.3)	(70.0)
Purchases of treasury stock	(32.4)	(167.7)	(303.2)
Payments on long-term debt	(17.8)	(9.5)	(260.3)
Payments for common stock issuance costs	(7.8)	—	—
Payments for debt issuance costs	(3.2)	—	(1.6)
Proceeds from issuance of common stock	146.9	—	—
Proceeds from issuance of treasury stock	1.6	3.0	2.3
Net cash used in financing activities	(20.5)	(531.5)	(204.8)
Net change in cash and cash equivalents	30.5	2.5	1.9
Cash and cash equivalents at beginning of period	13.4	10.9	9.0
Cash and cash equivalents at end of period	\$ 43.9	\$ 13.4	\$ 10.9

See accompanying Notes to the Consolidated Financial Statements

BRINKER INTERNATIONAL, INC.
Consolidated Statements of Shareholders' Deficit
(In millions)

	Common Stock		Additional Paid-In Capital	Retained Earnings (Deficit)	Treasury Stock	Accumulated Other Comprehensive Loss	Total
	Shares	Amount					
Balances at June 28, 2017	48.4	\$ 17.6	\$ 502.1	\$ 2,627.1	\$ (3,628.5)	\$ (11.9)	\$ (493.6)
Net income	—	—	—	125.9	—	—	125.9
Other comprehensive income	—	—	—	—	—	0.2	0.2
Dividends (\$1.52 per share)	—	—	—	(70.0)	—	—	(70.0)
Stock-based compensation	—	—	14.2	—	—	—	14.2
Purchases of treasury stock	(7.9)	—	(0.2)	—	(303.0)	—	(303.2)
Issuances of common stock	0.3	—	(4.5)	—	6.8	—	2.3
Disposition of equity method investment	—	—	—	—	—	5.9	5.9
Balances at June 27, 2018	40.8	17.6	511.6	2,683.0	(3,924.7)	(5.8)	(718.3)
Effect of ASC 606 adoption	—	—	—	(7.4)	—	—	(7.4)
Net income	—	—	—	154.9	—	—	154.9
Other comprehensive income	—	—	—	—	—	0.2	0.2
Dividends (\$1.52 per share)	—	—	—	(59.3)	—	—	(59.3)
Stock-based compensation	—	—	16.4	—	—	—	16.4
Purchases of treasury stock	(3.6)	—	(0.6)	—	(167.1)	—	(167.7)
Issuances of common stock	0.3	—	(5.4)	—	8.4	—	3.0
Balances at June 26, 2019	37.5	17.6	522.0	2,771.2	(4,083.4)	(5.6)	(778.2)
Effect of ASC 842 adoption	—	—	—	195.9	—	—	195.9
Net income	—	—	—	24.4	—	—	24.4
Other comprehensive income	—	—	—	—	—	(0.6)	(0.6)
Dividends (\$1.14 per share)	—	—	—	(43.6)	—	—	(43.6)
Stock-based compensation	—	—	14.7	—	—	—	14.7
Purchases of treasury stock	(0.8)	—	(0.3)	—	(32.1)	—	(32.4)
Issuances of common stock	8.3	0.8	133.0	—	6.9	—	140.7
Retirement of treasury stock	—	(11.4)	—	(3,345.4)	3,356.8	—	—
Balances at June 24, 2020	45.0	\$ 7.0	\$ 669.4	\$ (397.5)	\$ (751.8)	\$ (6.2)	\$ (479.1)

See accompanying Notes to the Consolidated Financial Statements

BRINKER INTERNATIONAL, INC.
Notes to the Consolidated Financial Statements
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1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

We are principally engaged in the ownership, operation, development, and franchising of the Chili's® Grill & Bar ("Chili's") and Maggiano's Little Italy® ("Maggiano's") restaurant brands. At June 24, 2020, we owned, operated or franchised 1,663 restaurants, consisting of 1,116 Company-owned restaurants and 547 franchised restaurants, located in the United States, 28 countries and two United States territories.

Basis of Presentation

Principles of Consolidation - The Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission, and include the accounts of Brinker International, Inc. and our wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. All amounts within the Notes to the Consolidated Financial Statements are presented in millions unless otherwise specified.

Fiscal Year - We have a 52/53 week fiscal year ending on the last Wednesday in June. We utilize a 13 week accounting period for quarterly reporting purposes, except in years containing 53 weeks when the fourth quarter contains 14 weeks. Fiscal years 2020, 2019 and 2018, which ended on June 24, 2020, June 26, 2019 and June 27, 2018, respectively, each contained 52 weeks.

Use of Estimates - The preparation of the consolidated financial statements is in conformity with generally accepted accounting principles in the United States ("GAAP") and requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and costs and expenses in the reporting periods. Actual results could differ from those estimates.

New Accounting Standards Implemented

ASU 2016-02, Leases (Topic 842) - In February 2016, the FASB issued ASU 2016-02, and subsequently amended this update by issuing additional ASU's that provide clarification and further guidance around areas identified as potential implementation issues. These updates require a lessee to recognize in the balance sheet a liability to make lease payments and a corresponding right-of-use asset for virtually all leases, other than leases with a term of 12 months or less if the short-term lease exclusion expedient is elected. The updates also require additional disclosures about the amount, timing, and uncertainty of cash flows arising from leases. These updates were effective for annual and interim periods for fiscal years beginning after December 15, 2018, which required us to adopt these provisions in the first quarter of fiscal 2020. Refer below for our "Significant Accounting Policies - Leases" section and also Note 4 - Leases for disclosures about our adoption.

The impact of additional accounting standard updates that have not yet been adopted can be found at Note 19 - Effect of New Accounting Standards.

Significant Accounting Policies

Leases

Adoption of ASC 842 and Transition and Practical Expedient Elections - We adopted FASB Accounting Standards Codification ("ASC") Topic 842, Leases ("ASC 842"), from the previous guidance ASC Topic 840, Leases ("Legacy GAAP") effective June 27, 2019, the first day of fiscal 2020. We adopted ASC 842 using the alternative transition method, such that our fiscal 2020 Consolidated Financial Statements reflect ASC 842, while our prior period Consolidated Financial Statements were prepared under Legacy GAAP and have not been restated. In connection with the adoption of ASC 842, we elected the following practical expedients and policies:

- Package of practical expedients - the election of this package allowed us to carry forward our historical lease classification and our assessment of whether a contract is or contains a lease for any leases that existed prior to the adoption of ASC 842.

- Combine lease and non-lease components policy - we elected for all classes of underlying leased assets to account for lease and non-lease components (such as common area maintenance) and include executory costs (such as property taxes and insurance) to combine as a single lease component.
- Short-term lease policy - we elected the short-term lease exemption from balance sheet recognition for all classes of underlying assets with an initial term of 12 months or less and that do not include an option to purchase the underlying asset that we are reasonably certain to exercise. Short-term leases are expensed as incurred in Restaurant expenses in the Consolidated Statements of Comprehensive Income.

We did not elect the hindsight practical expedient that permitted a reassessment of lease terms for existing leases.

Lease Accounting Policy under ASC 842 - Effective with our fiscal 2020 year, ASC 842 requires lessees to recognize on the balance sheet at lease commencement the lease assets and related lease liabilities for the rights and obligations created by operating and finance leases with lease terms of more than 12 months. The lease term commences on the date the lessor makes the underlying property available, irrespective of when lease payments begin under the contract. When determining the lease term at commencement, we consider both termination and renewal option periods available, and only include the period for which failure to renew the lease imposes a penalty on us in such an amount that renewal, or termination options, appear to be reasonably certain.

Our lease liability will generally be based on the present value of the lease payments, consisting of fixed costs and certain rent escalations, using our incremental borrowing rate applicable to the lease term. The right-of-use lease asset will generally be based on the lease liability, adjusted for amounts related to other lease-related assets and liabilities. Our adjustments typically include prepaid rent, straight-line rent for timing differences between payment streams and lease term, landlord contributions that are recorded when received as a reduction to the asset, and favorable or unfavorable lease purchase price adjustments. Additionally, upon adoption, we also recorded partial impairments of certain lease assets with an adjustment to Retained earnings related to previously impaired properties.

The interest rates used in our lease contracts are not implicit. We have derived our incremental borrowing rate using the interest rate we would pay on our existing borrowings, adjusted for the effect of designating collateral and the lease terms using market data as well as publicly available data for instruments with similar characteristics. The reasonably certain lease term and incremental borrowing rate for each lease requires judgment by management and can impact the classification and accounting for a lease as operating or finance, as well as the value of the right-of-use asset and lease liability.

The right-of-use lease asset carrying amounts are assessed for impairment semi-annually or when events or circumstances indicate that the carrying amount may not be recoverable, in accordance with our long-lived asset impairment policy. We monitor for events or changes in circumstances that require reassessment of lease classification. When a reassessment results in the re-measurement of a lease liability, a corresponding adjustment is made to the carrying amount of the lease asset.

Variable lease costs are expensed as incurred in Restaurant expenses related to restaurant properties or General and administrative for our corporate headquarters, respectively, in the Consolidated Statements of Comprehensive Income, and are not included in lease liabilities in the Consolidated Balance Sheets. Contingent rent represents payment of variable lease obligations based on a percentage of sales, as defined by the terms of the applicable lease, for certain restaurant facilities and is recorded at the point in time we determine that it is probable that such sales levels will be achieved. Additionally, we have certain leases which periodically reset to a specified index, such leases are initially recorded using the index that existed at lease commencement. Subsequent index changes are recorded as variable rental payments. Maintenance and property tax expenses are accounted for on an accrual basis as variable lease costs.

Operating lease expenses are recognized on a straight-line basis over the lease term in Restaurant expenses for restaurant properties, or General and administrative for our corporate headquarters, in the Consolidated Statements of Comprehensive Income, respectively.

Finance lease expenses are recognized on a straight-line basis over the lesser of the useful life of the leased asset or the lease term and the expenses are recognized in Depreciation and amortization in the Consolidated Statements of

Comprehensive Income. Interest on each finance lease liability is recorded to Interest expenses in the Consolidated Statements of Comprehensive Income.

Revenues - Effective at the beginning of fiscal 2019, we adopted ASC Topic 606, *Revenue from Contracts with Customers* (“ASC 606”), from the previous guidance ASC Topic 605, *Revenue Recognition* and ASC Subtopic 952-605, *Franchisors - Revenue Recognition* (together, “Legacy Revenue GAAP”). Our transition to ASC 606 represents a change in accounting principle. The Consolidated Financial Statements for fiscal 2019 reflect the application of ASC 606 guidance using the modified retrospective transition method, while the Consolidated Financial Statements for prior periods were prepared under Legacy Revenue GAAP. The adoption of ASC 606 resulted in a cumulative effect adjustment to retained earnings of \$7.4 million in fiscal 2019. Revenues are presented in Company sales and Franchise and other revenues captions in the Consolidated Statements of Comprehensive Income. Refer below for our significant revenue accounting policies, to Note 5 - Revenue Recognition for deferred revenues, and to Note 10 - Segment Information for disaggregation of revenues detail.

Company Sales - Company sales include revenues generated by the operation of Company-owned restaurants including gift card redemptions. We record the revenues from the sale of food, beverages and alcohol, net of discounts, upon delivery to the customer.

Franchise and Other Revenues - Franchise and other revenues include Royalties and Franchise fees and other revenues. Franchise fees and other revenues include gift card breakage, Maggiano’s banquet service charge income, franchise advertising fees, delivery fee income, digital entertainment revenues, gift card equalization, franchise and development fees, merchandise income, retail royalty revenues, and gift card discount costs from third-party gift card sales

Royalties - Franchise royalties, under the franchise agreements, are based on a percentage of the sales generated by our franchised restaurants. The performance obligation related to franchise sales is considered complete upon the sale of food, beverages and alcohol, therefore royalty revenues attributable to franchise restaurants are recognized in the same period the sales are generated at the franchise restaurants.

Advertising Fee Income - Domestic franchisees are contractually obligated to contribute into certain advertising and marketing funds. Advertising fees are presented on a gross basis within Franchise and other revenues.

Initial Development and Franchise Fees - We receive development fees from franchisees for territory development arrangements and franchise fees for new restaurant openings. The performance obligation related to these arrangements are collectively deferred as a contract liability and recognized on a straight-line basis into Franchise and other revenues in the Consolidated Statements of Comprehensive Income over the term of the underlying agreements. Deferred franchise fees are classified within Other accrued liabilities for the current portion expected to be recognized within the next 12 months, and Other liabilities for the long-term portion in the Consolidated Balance Sheets.

Gift Card Breakage Income - Breakage revenues represent the monetary value associated with outstanding gift card balances that will not be redeemed. We estimate this amount based on our historical gift card redemption patterns and update the breakage rate estimate periodically and if necessary, adjust the deferred revenues balance within the Gift card liability account in the Consolidated Balance Sheets accordingly. Breakage revenues are recognized proportionate to the pattern of related gift card redemptions. We do not charge dormancy or any other fees related to monitoring or administering the gift card program to cardholders. Additionally, proceeds from the sale of gift cards are recorded as deferred revenues in the Gift card liability in the Consolidated Balance Sheets and recognized as Company sales when the gift card is redeemed by the holder.

Gift Card Discount Costs - Our gift cards are sold through various outlets such as in-restaurant, Chili’s and Maggiano’s websites, directly to other businesses, and through third-party distributors that sell our gift cards at various retail locations. We incur incremental direct costs related to gift card sales, such as commissions and activation fees, for gift cards sold by third-party businesses and distributors. These initial direct costs are deferred and amortized against revenues proportionate to the pattern of related gift card redemption.

Advertising Expenses - Advertising production costs are expensed in the period when the advertising first takes place. Other advertising costs are expensed as incurred. In the fiscal years ended June 24, 2020 and June 26, 2019, after the adoption of ASC 606 - *Revenue from Contracts with Customers*, advertising expenses of \$87.0 million and \$108.8

million, respectively, are included in Restaurant expenses, and advertising contributions from franchisees of \$9.7 million and \$20.3 million, respectively, are recorded in Franchise and other revenues in the Consolidated Statements of Comprehensive Income. Advertising costs, net of advertising contributions from franchisees, was \$98.3 million in fiscal year ended June 27, 2018 prior to the adoption of ASC 606 was included in Restaurant expenses in the Consolidated Statements of Comprehensive Income.

Restaurant Labor Expenses - We report certain labor and related expenses in a separate caption in the Consolidated Statements of Comprehensive Income titled Restaurant labor. Restaurant labor includes all compensation-related expenses, including benefits and incentive compensation, for restaurant team members at the general manager level and below. Labor-related expenses attributable to multi-restaurant (or above-restaurant) supervision is included in Restaurant expenses in the Consolidated Statements of Comprehensive Income.

Fair Value Measurements - Fair value is the price that would be received for an asset or paid to transfer a liability, or the exit price, in an orderly transaction between market participants on the measurement date. Fair value is grouped in three levels based on the level of significant inputs used in measuring fair value, as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Observable inputs available at measurement date other than quote prices included in Level 1
Level 3	Unobservable inputs that cannot be corroborated by observable market data

Cash and Cash Equivalents - Our policy is to invest cash in excess of operating requirements in income-producing investments. Income-producing investments with original maturities of three months or less are reflected as cash equivalents.

Accounts Receivable - Accounts receivable, net of the allowance for doubtful accounts, represents the estimated net realizable value. Our primary accounts receivable are due from third-party gift card sales, vendor rebates, franchisees, restaurant purchases made on credit cards, and from time-to-time insurance recoveries. Provisions for doubtful accounts are recorded based on management's judgment regarding our ability to collect as well as the age of the receivables. Accounts receivable are written off when they are deemed uncollectible.

Inventories - Inventories consist of food, beverages and supplies and are valued at the lower of cost (using the first-in, first-out method) or net realizable value.

Property and Equipment - Property and equipment is recorded at cost, and are depreciated using the straight-line method over the lesser of the remaining term of the lease, including certain renewal options, or the estimated useful lives of the assets. Typical useful lives of our Buildings and leasehold improvements range from 5 to 20 years, and Furniture and equipment range from 3 to 7 years.

Depreciation expenses related to property and equipment for the fiscal years ended June 24, 2020, June 26, 2019, and June 27, 2018 of \$160.4 million, \$146.5 million, and \$150.1 million, respectively, was recorded in Depreciation and amortization in the Consolidated Statements of Comprehensive Income. Routine repair and maintenance costs are expensed when incurred. Major replacements and improvements are capitalized.

We review the carrying amount of property and equipment semi-annually or when events or circumstances indicate that the carrying amount may not be recoverable. We have determined the restaurant level is the lowest level of identifiable cash flows. If the carrying amount is not recoverable, we record an impairment charge for the excess of the carrying amount over the fair value. We determine fair value based on discounted projected future operating cash flows of the restaurants over their remaining service life using a risk adjusted discount rate that is commensurate with the inherent risk that is considered Level 3 (refer to Fair Value Measurements policy above for definition of levels). Impairment charges are included in Other (gains) and charges in the Consolidated Statements of Comprehensive Income.

Definite-lived Intangible Assets - Definite-lived intangible assets primarily include the reacquired franchise rights resulting from our acquisitions and are amortized using the straight-line method over the remaining term of the franchise agreement. We determine the fair value of reacquired franchise rights based on discounted projected future operating

cash flows of the restaurants associated with these franchise rights. We review the carrying amount semi-annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying amount is not recoverable, we record an impairment charge for the excess of the carrying amount over the fair value. Impairment charges are included in Other (gains) and charges in the Consolidated Statements of Comprehensive Income.

Indefinite Lived Intangible Assets - The costs of obtaining non-transferable liquor licenses from local government agencies are expensed over the specified term of the license. The costs of purchasing transferable liquor licenses through open markets in jurisdictions with a limited number of authorized liquor licenses are capitalized as indefinite-lived intangible assets and included in Intangibles, net in the Consolidated Balance Sheets.

Transferable liquor licenses are tested for impairment semi-annually or more frequently if events or circumstances indicate that the asset might be impaired. Impairment charges are recognized based on the excess of carrying value over fair value. We determine fair value based on prices in the open market for licenses in same or similar jurisdictions. Impairment charges are included in Other (gains) and charges in the Consolidated Statements of Comprehensive Income.

Goodwill - Goodwill represents the excess of the purchase price over the fair value of net assets acquired in business combinations and is assigned to the reporting unit in which the acquired business will operate for purposes of impairment testing. Goodwill is tested for impairment annually, as of the first day of the second fiscal quarter, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Our two restaurant brands, Chili's and Maggiano's, are both operating segments and reporting units.

We may elect to perform a qualitative assessment to determine whether it is more likely than not that a reporting unit is impaired. If the qualitative assessment is not performed or if we determine that it is not more likely than not that the fair value of the reporting unit exceeds the carrying value, the fair value of the reporting unit is calculated. The carrying value of the reporting unit is compared to its estimated fair value, and if the carrying value of a reporting unit exceeds its fair value, goodwill is written down to its implied fair value.

Insurance Reserves - We are self-insured for certain losses related to health, general liability and workers' compensation. We maintain stop loss coverage with third party insurers to limit our total exposure. The self-insurance liability represents an estimate of the ultimate cost of claims incurred and unpaid as of the balance sheet date. The estimated liability is not discounted and is established based upon analysis of historical data and actuarial estimates, and is reviewed on a quarterly basis to ensure that the liability is appropriate. The estimated incurred but unreported costs to settle unpaid claims are included in Other accrued liabilities and Other liabilities, depending on the current or long-term nature, in the Consolidated Balance Sheets.

Sales Taxes - Taxes assessed by a governmental authority that are both imposed on and concurrent with specific revenue transactions and collected from a customer have been excluded from revenues. The obligation is included in Other accrued liabilities in the Consolidated Balance Sheets until the taxes are remitted to the appropriate taxing authorities.

Income Taxes - Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

We record a liability for unrecognized tax benefits resulting from tax positions taken, or expected to be taken, in an income tax return that is not more-likely-than-not to be realized. We recognize any interest and penalties related to unrecognized tax benefits in Provision (benefit) for income taxes in the Consolidated Statements of Comprehensive Income. Additionally, Income taxes are computed on a consolidated legal jurisdiction basis with no regard to brand.

Stock-Based Compensation - We measure and recognize compensation cost at fair value for all share-based payments. We record compensation expenses using a graded-vesting schedule or on a straight-line basis, as applicable, over the vesting period, or to the date on which retirement eligibility is achieved, if shorter. We recognize compensation expenses

for only the portion of share-based awards that are expected to vest. Therefore, we apply estimated forfeiture rates that are derived from our historical forfeitures of similar awards.

Certain employees are eligible to receive stock options, performance stock options, performance shares, restricted stock, and restricted stock units, while non-employee members of the Board of Directors (the “Board”) are eligible to receive stock options, restricted stock and restricted stock units. Awards granted to the Board are non-forfeitable and are fully expensed upon grant. Awards to eligible employees may vest over a specified period of time, or service period, only or may also contain performance-based conditions. The fair value of restricted stock and restricted stock units that do not contain a performance condition are based on our closing stock price on the date of grant, while the fair value of stock options is estimated using the Black-Scholes option-pricing model on the date of grant.

Performance shares represent a right to receive shares of common stock upon satisfaction of Company performance goals at the end of a three-fiscal-year cycle. Vesting of performance shares granted are contingent upon meeting Company performance goals based on a specified rate of earnings growth at the end of the three-fiscal-year period. Compensation expenses for the performance shares is recorded based on management’s periodic estimates of the number of shares that will ultimately be issued and the fair value of the shares as determined by our closing stock price on the date of grant. A cumulative expenses adjustment is recognized when that estimate changes.

Preferred Stock - Our Board of Directors is authorized to provide for the issuance of 1.0 million preferred shares with a par value of \$1.00 per share, in one or more series, and to fix the voting rights, liquidation preferences, dividend rates, conversion rights, redemption rights, and terms, including sinking fund provisions, and certain other rights and preferences. As of June 24, 2020, no preferred shares were issued.

Comprehensive Income - Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. For the fiscal years ended June 24, 2020, June 26, 2019 and June 27, 2018, Comprehensive income consists of Net income and Foreign currency translation adjustment. The Foreign currency translation adjustment for all the three fiscal years presented included the unrealized impact of translating the financial statements from Canadian dollars to United States dollars of the Canadian restaurants. For the fiscal year ended June 27, 2018, foreign currency translation adjustment also included the impact of translating the Mexico joint venture with CMR, S.A.B. de C.V. (“CMR”) from Mexican pesos to United States dollars. During fiscal 2018, the Mexico joint venture was sold to CMR. Refer to Note 6 - Equity Method Investment for further details on the transaction including the note receivable. The Accumulated other comprehensive loss (“AOCL”) is presented in the Consolidated Balance Sheets.

Net Income Per Share - Basic net income per share is computed by dividing Net income by the Basic weighted average shares outstanding for the reporting period. Diluted net income per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. For the calculation of Diluted net income per share, the Basic weighted average shares outstanding is increased by the dilutive effect of stock options and restricted share awards. Stock options and restricted share awards with an anti-dilutive effect are not included in the Diluted net income per share calculation. Basic weighted average shares outstanding are reconciled to Diluted weighted average shares outstanding as follows:

	June 24, 2020	June 26, 2019	June 27, 2018
Basic weighted average shares outstanding	38.2	38.3	45.7
Dilutive stock options	0.1	0.2	0.1
Dilutive restricted shares	0.6	0.6	0.5
Total dilutive impact	0.7	0.8	0.6
Diluted weighted average shares outstanding	<u>38.9</u>	<u>39.1</u>	<u>46.3</u>
Awards excluded due to anti-dilutive effect	<u>1.5</u>	<u>0.9</u>	<u>1.1</u>

Segment Reporting - Operating segments are components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in

assessing operating performance. We manage our business on the basis of two operating segments, Chili's and Maggiano's.

2. NOVEL CORONAVIRUS PANDEMIC

In March 2020, the impact from the spreading COVID-19 pandemic was declared a National Public Health Emergency and resulted in a significant reduction in sales at our restaurants due to changes in consumer behavior as social distancing practices, dining room closures and other restrictions were mandated or encouraged by federal, state and local governments. We have not experienced material shortages or service disruptions in our supply chain or the availability of labor to operate restaurants. Both Chili's and Maggiano's have been able to continue to serve our guests off-premise due to our pre-pandemic strategic decision to enhance this business over the last three years including online ordering, mobile app, curbside service and third-party delivery. We have been carefully assessing the effect of COVID-19 on our business as conditions continue to evolve throughout the communities we serve. At this time, the ultimate impact of COVID-19 cannot be reasonably estimated due to the uncertainty about the extent and the duration of the spread of the virus and could lead to further reduced sales, capacity restrictions, restaurant closures, delays in our supply chain, or impair our ability to staff accordingly which could adversely impact our financial results.

Additionally, at our corporate office, we have adopted an optional remote-work policy and other physical distancing policies and we do not anticipate these policies to have any adverse impact on our ability to continue to operate our business. Transitioning to an optional remote-work environment has not had a material adverse impact on our financial reporting system, internal controls or disclosure controls and procedures.

Our fiscal 2020 results include the decline in Company sales, as compared to fiscal 2019 as a result of the COVID-19 pandemic. At the end of the third quarter of fiscal 2020, we temporarily closed all Company-owned restaurant dining and banquet rooms as we transitioned to an off-premise business model and temporarily delayed our expansion plans. Beginning on April 27, 2020, we began to reopen certain dining room locations as permitted by governments. At the end of fiscal 2020, as of June 24, 2020, 94.9% of our Company-owned restaurant dining rooms or patios were open in a limited capacity.

Valuation of Goodwill and Indefinite-Lived Intangibles

We perform our annual goodwill impairment tests in the second quarter of each fiscal year. Interim goodwill impairment tests are also required when events or circumstances change between annual tests that would more likely than not reduce the fair value of our reporting units below their carrying value. Although no triggering event had been identified in our regular goodwill impairment assessment performed at the end of the second quarter of fiscal 2020, we determined during the third of fiscal 2020 that the reduced cash flow projections and the significant decline in our market capitalization as a result of the COVID-19 pandemic could indicate that an impairment loss may have been incurred. Our assessment is based on our current projections that are subject to various risks and uncertainties, including: (1) forecasted revenues, expenses and cash flows, affected by the impact of the COVID-19 pandemic, (2) current discount rates, (3) the reduction in our market capitalization, (4) observable market data, and (5) changes to the regulatory environment.

Based on our assessment as of March 25, 2020, we determined that our goodwill and indefinite-lived intangible assets were not impaired at that time. Additionally, we updated the assessment during the fourth quarter of fiscal 2020 and determined no triggering event existed based on improved market value and actual results compared to forecast for the third quarter of fiscal 2020. This assessment is predicated on our ability to continue to operate dining and banquet rooms, and generate off-premise sales at our restaurants. Management's judgment about the short and long term impacts of the pandemic could change as additional facts become known and therefore affect these conclusions. We will continue to monitor and evaluate our results and evaluate the likelihood of any potential impairment charges at our restaurants and reporting units.

Valuation of Long-lived Assets

Our Net property and equipment and Operating lease assets have recorded values of \$805.3 million and \$1,054.6 million, respectively, as of June 24, 2020 in the Consolidated Balance Sheets. During the third quarter of fiscal 2020, we evaluated ASC 360-10-40 - *Property, Plant, and Equipment - Impairment or Disposal of Long-Lived Assets*, and

determined as of March 25, 2020 there was no triggering event. During our regular semi-annual analysis in the fourth quarter of fiscal 2020, as of June 24, 2020, we recorded long-lived and operating lease asset impairments of \$14.5 million related to 18 underperforming Chili's and 3 underperforming Maggiano's restaurants. Of the impaired restaurants, 19 continue to operate, and 2 Chili's will be permanently closed. We will continue to evaluate our long-lived assets for potential impairment during this COVID-19 pandemic. Refer to Note 16 - Fair Value Measurements for more information.

Rent Concessions

In response to the COVID-19 pandemic, during the fourth quarter of fiscal 2020, certain landlords have provided temporary rent concessions. These concessions primarily relate to the deferral of certain rent payments until future periods. We accounted for these rent deferrals as modifications under ASC 842 which are included in our June 24, 2020 lease balances, refer to Note 4 - Leases for more information.

COVID-19 Related Charges

Certain charges, net of credits related to the COVID-19 pandemic were recorded in Other (gains) and charges in the Consolidated Statements of Comprehensive Income in fiscal 2020, these primarily included:

- Employee assistance - \$17.3 million of expenses related to both Chili's and Maggiano's employee assistance payments and related payroll taxes for the team members that experienced reduced shifts during this pandemic, who would have otherwise not received such payment under our normal compensation practices
- Other COVID-19-related expenses - \$1.5 million of expenses related to restaurant supplies such as face masks and hand sanitizer required to reopen dining rooms, as well as costs related to canceled projects due to the pandemic, and \$1.1 million of expenses related to spoiled inventory at both Chili's and Maggiano's due to the unexpected decline in sales and dining room closures
- Employee retention credit - \$7.9 million credit of certain payroll taxes was received as part of the Coronavirus Aid Relief and Economic Security ("CARES") Act relief package

3. CHILI'S RESTAURANT ACQUISITION

In fiscal 2020, on September 5, 2019, we completed the acquisition of certain assets and liabilities related to 116 previously franchised Chili's restaurants located in the Midwest United States. Pro-forma financial information of the acquisition is not presented due to the immaterial impact of the financial results of the acquired restaurants in the Consolidated Financial Statements.

Total cash consideration of \$96.0 million, including post-closing adjustments, was funded with borrowings from our existing credit facility. We accounted for this acquisition as a business combination. The results of operations, and assets and liabilities, of these restaurants are included in the Consolidated Financial Statements from the date of acquisition. The assets and liabilities of these restaurants are recorded at their fair values.

During fiscal 2020, since the acquisition date, these restaurants generated Company sales of \$203.3 million, which included a decrease in normal operations in the second half of fiscal 2020 related to the COVID-19 pandemic. Refer to Note 2 - Novel Coronavirus Pandemic for further details on the pandemic's impact to our business.

Net acquisition-related charges of \$2.9 million were recorded during fiscal 2020 to Other (gains) and charges in the Consolidated Statements of Comprehensive Income. In fiscal 2020, the net charges consisted of \$4.5 million of professional services, transaction and transition related costs associated with the purchase, and \$1.0 million of related franchise straight-line rent balances, net of market leasehold improvement adjustments that were fully recognized at the date of the acquisition, partially offset by \$2.6 million of franchise deferred revenues balance that were fully recognized at date of acquisition.

The final amounts recorded for the fair value of acquired assets and liabilities at the acquisition date are as follows:

	Fair Value September 5, 2019
Current assets ⁽¹⁾	\$ 7.3
Property and equipment	60.3
Operating lease assets	163.5
Reacquired franchise rights ⁽²⁾	6.9
Goodwill ⁽³⁾	22.4
Total assets acquired	260.4
Current liabilities ⁽⁴⁾	9.1
Operating lease liabilities, less current portion	158.3
Total liabilities assumed	167.4
Net assets acquired ⁽⁵⁾	\$ 93.0

(1) Current assets included petty cash, inventory, and restaurant supplies.

(2) Reacquired franchise rights have a weighted average amortization period of approximately 8 years.

(3) Goodwill is expected to be deductible for tax purposes. The portion of the purchase price attributable to goodwill represents the benefits expected as a result of the acquisition, including sales and unit growth opportunities, and the benefit of the assembled workforce of the acquired restaurants.

(4) Current liabilities included current portion of operating lease liabilities, gift card liability and accrued property tax.

(5) Net assets acquired at fair value are equal to the total purchase price of \$99.0 million, less \$3.2 million of closing adjustments and \$2.8 million allocated to prepayment of leases entered into between us and the franchisee (refer to Note 4 - Leases for more information).

4. LEASES

As of June 24, 2020, 1,073 of our 1,116 Company-owned restaurant facilities were leased. We typically lease our restaurant facilities through ground leases (where we lease land only, but own the building) or retail leases (where we lease the land/retail space and building). As of June 24, 2020, the restaurant leases have cumulative renewal clauses of 2 to 40 years at our option. Our leased restaurants typically have an initial lease term of 10 to 20 years, with one or more renewal terms typically ranging from 1 to 10 years. The leases typically provide for a fixed rental or a fixed rental plus percentage rentals based on sales volume. In addition to our restaurant facilities, we also lease our corporate headquarters location and certain technology and other restaurant equipment. Our lease agreements do not contain any material residual value guarantees or material covenant restrictions.

Financial Statement Impact of ASC 842 Adoption

Refer to Note 1 - Nature of Operations and Summary of Significant Accounting Policies for information on the transition and practical expedient elections, and our lease accounting policy under ASC 842. The adoption of ASC 842 represents a change in accounting principle. The adoption did not have a significant impact in the Consolidated Statements of Comprehensive Income or Consolidated Statements of Cash Flows. Upon adoption, there was a material increase in Total assets and Total liabilities in the Consolidated Balance Sheets primarily due to the recognition of operating lease assets and related lease liabilities where we are the lessee. The table below reflects the balance sheet adoption impact related to ASC 842 as an adjustment at June 27, 2019, the first day of fiscal 2020 (condensed, unaudited):

	Legacy GAAP		ASC 842
	June 26, 2019	ASC 842 Cumulative Adjustments	June 27, 2019
ASSETS			
Current assets ⁽¹⁾	\$ 177.0	\$ 0.3	\$ 177.3
Other assets			
Operating lease assets ⁽²⁾	—	1,034.3	1,034.3
Deferred income taxes, net ⁽³⁾	112.0	(65.1)	46.9
Intangibles, net ⁽¹⁾	22.3	(4.1)	18.2
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current liabilities			
Operating lease liabilities ⁽⁴⁾	—	110.8	110.8
Other accrued liabilities ⁽¹⁾⁽⁵⁾	141.1	(38.3)	102.8
Long-term operating lease liabilities, less current portion ⁽⁴⁾	—	1,044.9	1,044.9
Deferred gain on sale leaseback transactions ⁽⁵⁾	255.3	(255.3)	—
Other liabilities ⁽¹⁾	153.0	(92.6)	60.4
Retained earnings	2,771.2	195.9	2,967.1

⁽¹⁾ The following prior lease balances were reclassified into Operating lease assets upon adoption of ASC 842:

- Current assets adjustment related to the prepaid rent.
- Intangibles, net adjustment related to the favorable lease asset position.
- Other accrued liabilities and Other liabilities balances adjustments related to the current and long-term portions of straight-line rent balances, unfavorable lease liability positions, exit-related lease accruals, and landlord contributions.

Additionally, Other accrued liabilities included \$19.3 million of deferred gain on sale leaseback transactions that was eliminated as a cumulative effect adjustment to Retained earnings upon adoption, refer to ⁽⁵⁾ below, and Note 13 - Accrued and Other Liabilities at June 26, 2019 for further details.

⁽²⁾ Operating lease assets represent the capitalization of operating lease assets equal to the amount of recognized operating lease liability as described in ⁽⁴⁾ below, adjusted by the net carrying amounts described in ⁽¹⁾ above, and \$15.5 million related to the impairment of certain operating lease assets for restaurant facilities previously fully impaired under our long-lived asset impairment policy that were recorded to Retained earnings.

⁽³⁾ Deferred income taxes, net was reduced by \$68.6 million related to the elimination of the deferred gain on sale leaseback transactions as described in ⁽⁵⁾ below, partially offset by \$3.5 million related to the impact of adopting ASC 842 and recording the operating lease assets and liabilities.

⁽⁴⁾ Operating lease liabilities, both current and long-term, represents the liabilities based on the present value of the lease payments, consisting of fixed costs and certain rent escalations, using our incremental borrowing rate applicable to the lease term upon date of adoption.

- (5) Deferred gain on sale leaseback transactions balance of \$255.3 million, the related short-term deferred gain balance recorded within Other accrued liabilities of \$19.3 million, and the associated Deferred income taxes, net of \$68.6 million as described in ⁽³⁾ above, were eliminated upon ASC 842 adoption into Retained earnings as required by ASC 842 using the alternative transition method. No further gain will be amortized to Other (gains) and charges in the Consolidated Statements of Comprehensive Income effective fiscal 2020.

Lease Amounts Included in the Fiscal Year Ended June 24, 2020

Consolidated Balance Sheet Disclosure of Lease Amounts

The following table includes a detail of lease asset and liabilities included in the Consolidated Balance Sheets:

	June 24, 2020		
	Finance Leases ⁽¹⁾	Operating Leases ⁽²⁾	Total Leases
Lease assets	\$ 81.6	\$ 1,054.6	\$ 1,136.2
Current lease liabilities	12.2	117.3	129.5
Long-term lease liabilities	89.9	1,061.6	1,151.5
Total lease liabilities	<u>\$ 102.1</u>	<u>\$ 1,178.9</u>	<u>\$ 1,281.0</u>

- (1) Finance lease assets are recorded in Property and equipment, at cost, and the related current and long-term lease liabilities are recorded within Other accrued liabilities and Long-term debt and finance leases, less current installments, respectively.

- (2) Operating lease assets are recorded in Operating lease assets and the related current and long-term lease liabilities are recorded within Operating lease liabilities and Long-term operating lease liabilities, less current portion, respectively.

Consolidated Statement of Comprehensive Income Disclosure of Lease Amounts

The components of lease expenses, including variable lease costs primarily consisting of rent based on a percentage of sales, common area maintenance and real estate tax charges, and short-term lease expenses for leases with lease terms less than twelve months are included in the Consolidated Statements of Comprehensive Income as follows:

	Fifty-Two Week Period Ended June 24, 2020
Operating lease cost	\$ 162.8
Finance lease amortization	20.9
Finance lease interest	4.6
Short-term lease cost	1.4
Variable lease cost	57.7
Sublease (income)	(4.6)
Total lease costs, net	<u>\$ 242.8</u>

Consolidated Statement of Cash Flows Disclosure of Lease Amounts

Supplemental cash flow information related to leases recorded in the Consolidated Statements of Cash Flows is as follows:

	<u>Fifty-Two Week Period Ended June 24, 2020</u>
Cash flows from operating activities	
Cash paid related to lease liabilities	
Operating leases	\$ 159.6
Finance leases	4.6
Cash flows from financing activities	
Cash paid related to lease liabilities	
Finance leases	17.8
Non-cash lease assets obtained in exchange for lease liabilities	
Operating leases ⁽¹⁾	224.0
Finance leases ⁽¹⁾	73.2

⁽¹⁾ New lease assets obtained, net of lease liabilities primarily related to the new and assumed operating and finance leases from the Chili's restaurant acquisition. Refer to Note 3 - Chili's Restaurant Acquisition and "Significant Changes in Leases in the Period" section below for more information.

Weighted Average Lease Term and Discount Rate

Other information related to leases is as follows:

	<u>June 24, 2020</u>	
	<u>Finance Leases</u>	<u>Operating Leases</u>
Weighted average remaining lease term	9.4 years	11.5 years
Weighted average discount rate	5.9%	5.7%

Lease Maturity Analysis

Finance leases and Operating leases total future lease payments represent the contractual obligations due under the contract, including cancelable option periods where we are reasonably assured to exercise the options. As of June 24, 2020, accounted for and presented under ASC 842 guidance, the discounted future minimum lease payments on finance and operating leases, as well as sublease income were as follows:

Fiscal Year	June 24, 2020		
	Finance Leases	Operating Leases	Sublease (Income)
2021	\$ 17.8	\$ 179.4	\$ (3.4)
2022	22.0	167.4	(3.3)
2023	20.3	155.6	(2.6)
2024	10.3	145.4	(1.9)
2025	10.6	135.4	(1.9)
Thereafter	53.6	854.2	(4.8)
Total future lease payments ⁽¹⁾	134.6	1,637.4	\$ (17.9)
Less: Imputed interest	32.5	458.5	
Present value of lease liability	\$ 102.1	\$ 1,178.9	

⁽¹⁾ Total future lease payments as of June 24, 2020 included non-cancelable lease commitments of \$113.4 million for finance leases, and \$1,083.4 million for operating leases.

As of June 26, 2019, as previously disclosed in our fiscal 2019 Form 10-K under Legacy GAAP, undiscounted future minimum lease payments that represent the contractual obligations due under the contract, including cancelable option periods where we are reasonably assured to exercise the options, on both capital and operating leases were as follows:

Fiscal Year	June 26, 2019	
	Capital Leases	Operating Leases ⁽²⁾
2020	\$ 12.3	\$ 156.8
2021	10.1	154.5
2022	8.2	148.6
2023	6.7	137.7
2024	6.0	127.6
Thereafter	17.4	771.7
Total minimum lease payments ⁽¹⁾	60.7	\$ 1,496.9
Imputed interest (average rate of 6.18%)	(12.3)	
Present value of minimum lease payments	48.4	
Less current capital lease obligations	(9.7)	
Long-term capital lease obligations	\$ 38.7	

⁽¹⁾ Total minimum lease payments were not reduced by minimum sublease rentals to be received in the future under non-cancelable subleases. The total of undiscounted future sublease rentals was approximately \$22.0 million and \$14.6 million for capital and operating subleases, respectively, as of June 26, 2019.

⁽²⁾ Operating lease expenses for the fifty-two weeks ended June 26, 2019, recorded under Legacy GAAP, totaled \$158.6 million, which included \$141.7 million for straight-lined minimum rent, \$3.3 million for contingent rent, and \$13.6 million of other rent-related expenses.

Significant Changes in Leases in the Period

In the first quarter of fiscal 2020, as part of the Chili's restaurant acquisition, we assumed and entered into 90 new operating leases included in the balances at June 24, 2020. The leases were recorded net of purchase price accounting adjustments and prepaid rent. At June 24, 2020, the balances associated with these new leases in the Consolidated Balance Sheets include Operating lease assets of \$154.8 million, Operating lease liabilities of \$5.0 million, and Long-term operating lease liabilities, less current portion of \$149.0 million.

Additionally related to this transaction, we entered into 12 new finance leases with the initial terms of approximately 11 years, plus renewal options. At June 24, 2020, the balances associated with these finance leases in the Consolidated Balance Sheets include Buildings and leasehold improvements of \$23.9 million, Other accrued liabilities of \$0.6 million, and Long-term debt and finance leases, less current installments of \$23.7 million. Refer to Note 3 - Chili's Restaurant Acquisition for information about the acquisition.

In the first quarter of fiscal 2020, we executed one finance lease for Chili's table-top devices with an initial term of 3 years, beginning once all devices had been received, plus one 3-year renewal option. We received all the table-top devices by the end of the fourth quarter of fiscal 2020. At June 24, 2020, the balances associated with this finance lease in the Consolidated Balance Sheets include Furniture and equipment of \$21.4 million, Other accrued liabilities of \$3.4 million, and Long-term debt and finance leases, less current installments of \$18.0 million.

Pre-Commencement Leases

In fiscal 2020, we executed two leases for new Chili's locations with undiscounted fixed payments over the initial term of \$7.2 million. These leases are expected to commence in the next 12 months and are expected to have an economic lease term of 20 years. These leases will commence when the landlords make the property available to us for new restaurant construction. We will assess the reasonably certain lease term at the lease commencement date.

Fiscal 2019 Sale Leaseback Transactions

Restaurant Properties Sale Leaseback Transactions

In the fiscal 2019, we completed sale leaseback transactions of 152 restaurant properties which were sold for aggregate consideration of \$495.0 million. Of the transactions completed, 151 were Chili's properties, and one was a Maggiano's property. The balances attributable to the restaurant assets sold included Land of \$114.4 million, Buildings and leasehold improvements of \$240.5 million, certain fixtures included in Furniture and equipment of \$10.2 million, and Accumulated depreciation of \$179.8 million. The total gain was \$309.7 million and the net proceeds from these sale leaseback transactions were used to repay borrowings on our revolving credit facility.

Lease Details

The initial terms of all leases included in the sale leaseback transactions were for 15 years, plus renewal options at our discretion, which contain scheduled rent increases. All of these leases were determined to be operating leases under Legacy GAAP. Rent expenses associated with these operating leases were recognized on a straight-line basis over the lease terms under Legacy GAAP during fiscal 2019. As of June 26, 2019, the straight-line rent accrual balance of \$62.3 million was included in Other accrued liabilities (current portion) and Other liabilities (long-term portion) in the Consolidated Balance Sheets which included \$2.8 million associated with these operating leases that were reclassified into the Operating lease assets balance upon adoption of ASC 842 effective June 27, 2019, the first day of fiscal 2020.

Gain and Deferred Gain Recognition

In fiscal 2019, under Legacy GAAP, we recognized the portion of the gross gain in excess of the present value of the future minimum lease payments, and deferred the remainder of the gain to be recognized straight-line in proportion to the operating lease terms. In the fiscal year ended June 26, 2019, \$35.2 million of the gain, less transaction costs incurred of \$7.9 million related to professional services, legal and accounting fees, was recognized to Other (gains) and charges in the Consolidated Statements of Comprehensive Income, respectively. As of June 26, 2019, the remaining balance of the deferred gain of \$274.6 million was recorded in Other accrued liabilities (current portion) and Deferred gain on sale leaseback transactions (long-term portion) in the Consolidated Balance Sheets. The deferred gain balance

was eliminated through the cumulative effect adjustment to Retained earnings effective June 27, 2019, the first day of fiscal 2020, upon the adoption of ASC 842. Refer above for ASC 842 adoption details. For any future sale leaseback transactions under the ASC 842 guidance, the gain, adjusted for any off-market terms, will be recognized immediately in most cases.

Corporate Headquarters Relocation

During fiscal 2018, we sold the owned portion of our corporate headquarters property for net proceeds of \$13.7 million which was deferred in Other accrued liabilities in the Consolidated Balance Sheets until fiscal 2019 when we moved to our new corporate headquarters location, and fully relinquished possession of the sold property and terminated our involvement. As such, during fiscal 2019, we recognized the sale, removed the balances attributable to the previous corporate headquarters assets sold that included Land of \$5.9 million, Buildings and leasehold improvements of \$10.6 million, Furniture and equipment of \$0.7 million, and Accumulated Depreciation of \$9.3 million, and recorded the related net gain of \$5.8 million to Other (gains) and charges in the Consolidated Statements of Comprehensive Income. Refer to Note 8 - Other Gains and Charges for further details, including accelerated depreciation recorded to Other (gains) and charges in the Consolidated Statements of Comprehensive Income related to the sold property.

5. REVENUE RECOGNITION

Deferred Development and Franchise Fees

Our deferred development and franchise fees consist of the unrecognized fees received from franchisees. Recognition of these fees in subsequent periods is based on satisfaction of the contractual performance obligations of the active contracts with franchisees. The weighted average remaining term of the current franchise agreements, including certain renewal periods expected to be exercised, was approximately 17 years as of June 24, 2020. We also expect to earn subsequent period royalties and advertising fees related to our franchise contracts; however, due to the variability and uncertainty of these future revenues based upon a sales-based measure, these future revenues are not yet estimable due to the unsatisfied performance obligations.

	Deferred Franchise and Development Fees	
	June 24, 2020	June 26, 2019
Beginning balance	\$ 16.2	\$ —
Cumulative effect adjustment from adoption of ASC 606	—	18.1
Additions	0.8	0.9
Amount recognized for Chili's restaurant acquisition ⁽¹⁾	(2.6)	—
Amount recognized to Franchise and other revenues	(1.7)	(2.8)
Ending balance	\$ 12.7	\$ 16.2

⁽¹⁾ Deferred development and franchise fees remaining balances associated with the 116 Chili's restaurants acquired from a franchisee at the September 5, 2019 acquisition date were recognized in Other (gains) and charges in the Consolidated Statements of Comprehensive Income.

Fiscal Year	Franchise and Development Fees Revenue Recognition
2021	\$ 1.1
2022	1.0
2023	1.0
2024	1.0
2025	1.0
Thereafter	7.6
	\$ 12.7

Deferred Gift Card Revenues

Total deferred revenues related to our gift cards includes the full value of unredeemed gift cards less the amortized portion of the breakage rates and the unamortized portion of third party fees.

	Gift Card Liability	
	June 24, 2020	June 26, 2019
Beginning balance	\$ 100.9	\$ 119.1
Gift card sales	164.4	180.3
Gift card redemptions recognized to Company sales	(139.2)	(169.4)
Gift card breakage recognized to Franchise and other revenues ⁽¹⁾	(15.8)	(26.0)
Other	(0.4)	(3.1)
Ending balance	\$ 109.9	\$ 100.9

⁽¹⁾ Gift card breakage in fiscal 2019 included the recognition of \$8.2 million from the cumulative effect of adopting ASC 606, *Revenue from Contracts with Customers* due to the change in timing of recognition of breakage, with a corresponding \$2.0 million decrease in Deferred income taxes, net, and a \$6.2 million decrease in Shareholders' deficit.

6. EQUITY METHOD INVESTMENT

We had a joint venture agreement with CMR to develop 50 Chili's restaurants in Mexico, with a total of 45 Chili's restaurants operating in the joint venture as of June 28, 2017. We accounted for the joint venture investment under the equity method of accounting. During fiscal 2018, we sold our Dutch subsidiary that held the equity interest in the joint venture to CMR for \$18.0 million. During fiscal 2018, we recorded a gain of \$0.2 million to Other (gains) and charges in the Consolidated Statements of Comprehensive Income which included the recognition of \$5.4 million of foreign currency translation losses reclassified from AOCL consisting of \$5.9 million of foreign currency translation losses from previous years, partially offset by \$0.5 million of fiscal 2018 foreign currency translation gains.

We received a note as consideration for the sale to be paid in 72 equal installments, with one installment payment made at closing and the other payments to be made over 71 months pursuant to the note. The note is denominated in Mexican pesos and is re-measured to United States dollars at the end of each period resulting in a gain or loss from foreign currency exchange rate changes included in Other (gains) and charges in the Consolidated Statements of Comprehensive Income for the periods presented. The current portion of the note, which represents the cash payments to be received over the next 12 months, is included within Accounts receivable, net while the long-term portion of the note is included within Other assets in the Consolidated Balance Sheets. Refer to Note 16 - Fair Value Measurements for the fair value and carrying value of the note receivable as of June 24, 2020.

Before the sale of the joint venture during fiscal 2018, we recorded our share of the Mexico joint venture net income or loss of the investee within Operating income since their operations were similar to our ongoing operations. These amounts were included in Restaurant expenses in the Consolidated Statements of Comprehensive Income due to their immaterial nature.

7. DEFINED CONTRIBUTION PLAN

We sponsor a qualified defined contribution retirement plan. The plan covers all employees who have attained the age of 21 and have completed the service requirement. Effective January 1, 2020, the service requirement was changed from 1 year and 1,000 hours of service to 90 days of eligible service.

Eligible employees are allowed to contribute, subject to IRS limitations on total annual contributions, up to 50% of their base compensation and 100% of their eligible bonuses, as defined in the plan, to various investment funds. In May 2020, the plan was amended to suspend the employer matching contributions to reduce corporate expenses, which resulted in the loss of safe harbor status. The loss of safe harbor status requires the plan to complete the average deferral percentage non-discrimination testing each plan year. The amended plan does allow for discretionary employer

contributions should the Company decide to do so. Prior to this amendment, we matched, in cash, what an employee contributes at a rate of 100% of the first 3% and 50% of the next 2% with immediate vesting.

We contributed employer matching contributions in each fiscal year which is recorded to General and administrative in the Consolidated Statements of Comprehensive Income:

	Fiscal Years Ended		
	June 24, 2020	June 26, 2019	June 27, 2018
Employer contributions match expenses	\$ 9.3	\$ 9.6	\$ 9.2

8. OTHER GAINS AND CHARGES

Other (gains) and charges in the Consolidated Statements of Comprehensive Income consist of the following:

	Fiscal Years Ended		
	June 24, 2020	June 26, 2019	June 27, 2018
Restaurant impairment charges	\$ 19.1	\$ 10.8	\$ 10.9
COVID-19 related charges, net of (credits)	12.2	—	—
Restaurant closure charges	3.8	4.3	7.5
Remodel-related costs	3.2	7.7	1.5
Severance and other benefit charges	3.2	0.9	0.3
Corporate headquarters relocation charges	1.1	6.3	1.9
Property damages, net of (insurance recoveries)	(0.7)	(0.7)	5.1
Loss (gain) on sale of assets, net	(0.2)	(6.9)	(0.3)
Sale leaseback (gain), net of transaction charges	—	(27.3)	2.0
Other	5.7	0.4	5.6
	<u>\$ 47.4</u>	<u>\$ (4.5)</u>	<u>\$ 34.5</u>

Fiscal 2020

- Restaurant impairment charges primarily consisted of the long-lived assets of 25 underperforming Chili's and 3 underperforming Maggiano's restaurants, which included the \$14.5 million impaired during the fourth quarter of fiscal 2020 during the COVID-19 pandemic related to 18 underperforming Chili's and 3 underperforming Maggiano's restaurants. Refer to Note 2 - Novel Coronavirus Pandemic and Note 16 - Fair Value Measurements for more information.
- COVID-19 related charges, net of (credits) that included the employee retention credit, were recorded related to the initial impact and our efforts to address the COVID-19 pandemic beginning in the third quarter of fiscal 2020. Refer to Note 2 - Novel Coronavirus Pandemic for further details.
- Restaurant closure charges primarily consisted of Chili's lease termination charges and certain Chili's restaurant closure costs.
- Remodel-related costs were recorded related to existing fixed asset write-offs associated with the Chili's remodel project.
- Severance and other benefit charges primarily consisted of \$2.7 million of expenses incurred for a corporate reorganization related to the elimination of 44 corporate positions to align and support our current operating model in the fourth quarter of fiscal 2020.
- Corporate headquarters relocation charges were recorded related to costs associated with the previous corporate headquarters location.

- Property damages, net of (insurance recoveries) primarily consisted of proceeds related to a previously filed fire claim, partially offset by costs incurred for damages from Tropical Storm Imelda.
- Loss (gain) on sale of assets, net primarily consisted of gain on sale of liquor licenses of closed restaurants.

Fiscal 2019

- Restaurant impairment charges primarily consisted of the long-lived assets of 11 underperforming Chili's restaurants.
- Restaurant closure charges primarily consisted of Chili's lease termination charges and certain Chili's restaurant closure costs.
- Remodel-related costs were recorded related to existing fixed asset write-offs associated with the Chili's remodel project.
- Severance and other benefit charges primarily consisted of the restructuring of certain Maggiano's back-office positions.
- Corporate headquarters relocation charges primarily consisted of costs associated with the previous corporate headquarters location and accelerated depreciation on certain leasehold improvements associated with the leased portion of our previous corporate headquarters property which closed in the third quarter of fiscal 2019.
- Property damages, net of (insurance recoveries) primarily consisted of insurance proceeds received related to a previously filed fire claim and final proceeds received from the Hurricane Harvey claim, partially offset by expenses associated with storm damages at certain restaurant locations.
- Loss (gain) on sale of assets, net primarily consisted of \$5.8 million for the net gain recognized on the sale of the owned-portion of our previous corporate headquarters building and \$0.8 million of gain recognized on the sale of land in Scottsdale, AZ and Pensacola, FL.
- Sale leaseback (gain), net of transaction charges were recorded related to the fiscal 2019 sale leaseback transactions, refer to Note 4 - Leases for further details on this transaction.

Fiscal 2018

- Restaurant impairment charges primarily consisted of charges of \$7.2 million recorded in the first quarter of fiscal 2018 associated with the closure of nine Alberta, Canada Chili's restaurants in the second quarter of fiscal 2018 due to an economic recession primarily related to lower oil production. The decision to close these restaurants was driven by management's belief that the long-term profitability of these restaurants would not meet our required level of return. Additionally, during fiscal 2018, we recorded Restaurant impairment charges of \$3.7 million primarily related to the long-lived assets and reacquired franchise rights of certain underperforming Maggiano's and Chili's restaurants that will continue to operate.
- Restaurant closure charges primarily consisted of expenses of \$4.6 million associated with the Canada closures and related lease termination charges. We also recorded \$1.8 million in lease termination expenses related to locations where we are the primary lessee of leases that were sublet to the Macaroni Grill, a divested brand, currently in bankruptcy proceedings, that discontinued sublease rental payments and closed the restaurants. Additionally, we recorded Restaurant closure charges of \$1.1 million primarily related to lease termination charges and closure costs associated with Chili's restaurants closed during fiscal 2018.
- Remodel-related costs were recorded related to existing fixed asset write-offs associated with the Chili's remodel project.
- Corporate headquarters relocation charges primarily consisted of accelerated depreciation on certain leasehold improvements associated with the leased portion of our previous corporate headquarters property which closed in the third quarter of fiscal 2019.

- Property damages, net of (insurance recoveries) primarily consisted of incurred expenses associated with Hurricanes Harvey and Irma primarily related to employee relief payments and inventory spoilage, net of insurance proceeds related to certain Hurricane Harvey property damage claims. Also in fiscal 2018, we received property damage insurance proceeds of \$0.5 million related to natural flooding in Louisiana that were recorded within Other (gains) and charges in the Consolidated Statements of Comprehensive Income. Additionally, we received business interruption funds of \$0.4 million related to the Louisiana flooding from insurers that are recorded within Restaurant expenses in the Consolidated Statements of Comprehensive Income.
- Loss (gain) on sale of assets, net primarily consisted of the gain on sale of our Mexico joint venture. Refer to Note 6 - Equity Method Investment for more information.
- Sale leaseback (gain), net of transaction charges primarily consisted of professional service fees for brokers, legal, due diligence and other professional services firms in connection with the marketing of sale-leaseback transactions of certain Company-owned restaurant properties.

9. INCOME TAXES

Income before provision for income taxes consists of the following:

	Fiscal Years Ended		
	June 24, 2020	June 26, 2019	June 27, 2018
Domestic	\$ 5.0	\$ 168.1	\$ 182.1
Foreign	(0.1)	3.7	(11.9)
Income before income taxes	<u>\$ 4.9</u>	<u>\$ 171.8</u>	<u>\$ 170.2</u>

The provision for income taxes and effective tax rate consists of the following:

	Fiscal Years Ended		
	June 24, 2020	June 26, 2019	June 27, 2018
Current income tax (benefit) expenses:			
Federal	\$ (32.9)	\$ 63.3	\$ 28.7
State	4.8	28.8	12.2
Foreign	0.0	0.6	0.0
Total current income tax (benefit) expenses	<u>(28.1)</u>	<u>92.7</u>	<u>40.9</u>
Deferred income tax (benefit) expenses:			
Federal	8.8	(58.5)	6.6
State	(0.2)	(18.0)	0.1
Foreign	0.0	0.7	(3.3)
Total deferred income tax (benefit) expenses	<u>8.6</u>	<u>(75.8)</u>	<u>3.4</u>
Provision (benefit) for income taxes	<u>\$ (19.5)</u>	<u>\$ 16.9</u>	<u>\$ 44.3</u>
Effective tax rate	(398.0)%	9.8%	26.0%

A reconciliation between the reported provision for income taxes and the amount computed by applying the statutory Federal income tax rate to Provision (benefit) for income taxes is as follows:

	Fiscal Years Ended		
	June 24, 2020	June 26, 2019	June 27, 2018
Income tax expense at statutory rate	\$ 1.0	\$ 36.1	\$ 47.8
FICA and other tax credits	(24.8)	(28.2)	(22.6)
State income taxes, net of Federal benefit	3.6	8.5	8.7
Tax reform impact	—	—	8.2
Stock based compensation tax shortfall	0.5	0.5	1.1
Other	0.2	0.0	1.1
Provision (benefit) for income taxes	<u>\$ (19.5)</u>	<u>\$ 16.9</u>	<u>\$ 44.3</u>

Our federal statutory tax rate for fiscal 2020 and fiscal 2019 was 21.0%. The Tax Cuts and Jobs Act (the “Tax Act”) was enacted on December 22, 2017 with an effective date of January 1, 2018. The enactment date occurred prior to the end of the second quarter of fiscal 2018 and therefore the federal statutory tax rate changes stipulated by the Tax Act were reflected in the second quarter of fiscal 2018. The Tax Act lowered the federal statutory tax rate from 35.0% to 21.0% effective January 1, 2018. For fiscal 2018, our federal statutory tax rate was 28.1%, representing a blended tax rate for the number of days in fiscal 2018 before and after the effective date. In the fiscal year ended June 27, 2018, in accordance with ASC 740, we re-measured our deferred tax accounts as of the enactment date using the new federal statutory tax rate and recognized the change as a discrete item in the Provision for income taxes, the adjustment was \$8.2 million.

Deferred Tax and Allowances

The income tax effects of temporary differences that give rise to significant portions of deferred income tax assets and liabilities are as follows:

	June 24, 2020	June 26, 2019
Deferred income tax assets:		
Lease liabilities	\$ 313.7	\$ 27.5
Gift cards	13.7	12.3
Insurance reserves	12.2	11.5
Stock-based compensation	11.0	9.9
Federal credit carryover	7.3	9.0
Net operating losses	3.2	3.7
State credit carryover	2.8	2.6
Restructure charges and impairments	1.4	3.0
Deferred gain on sale leaseback transactions	—	68.6
Other, net	10.3	11.2
Less: Valuation allowance	(5.6)	(5.5)
Total deferred income tax assets	<u>370.0</u>	<u>153.8</u>
Deferred income tax liabilities:		
Lease assets	275.5	2.2
Goodwill and other amortization	21.6	20.6
Depreciation and capitalized interest on property and equipment	19.8	4.3
Prepaid expenses	14.4	13.6
Other, net	0.5	1.1
Total deferred income tax liabilities	<u>331.8</u>	<u>41.8</u>
Deferred income taxes, net	<u>\$ 38.2</u>	<u>\$ 112.0</u>

Fiscal 2020 Deferred income taxes, net includes the deferred lease assets and liabilities related to the addition of operating lease assets and liabilities from the adoption of ASC 842. Refer to Note 1 - Nature of Operations and Summary of Significant Accounting Policies and Note 4 - Leases for further information on this adoption.

As of June 24, 2020, we have deferred tax assets of \$4.0 million reflecting the benefit of state loss carryforwards, before federal benefit and valuation allowance, which expire at various dates between fiscal 2021 and fiscal 2039. We have deferred tax assets of \$7.3 million of federal and \$3.6 million of state tax credits, before federal benefit and valuation allowance, which expire at various dates between fiscal 2024 and fiscal 2035. The recognized deferred tax asset for the state loss carryforwards is \$1.0 million and the federal tax credits is \$7.3 million. The federal credit carryover is limited by Section 382 of the Internal Revenue Code.

The valuation allowance increased by \$0.1 million in fiscal 2020 to recognize certain state net operating loss benefits and state tax credits management believes are not more-likely-than-not to be realized. In assessing whether a deferred tax asset will be realized, we consider the likelihood of the realization, and the reversal of existing taxable temporary differences, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income, as of June 24, 2020, we believe it is more-likely-than-not that we will realize the benefits of the deferred tax assets, net of the existing valuation allowances.

CARES Act Impact

In the fourth quarter of fiscal 2020, the United States government passed a \$2.0 trillion Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) designed primarily to help keep businesses running during and after the pandemic. The CARES Act included provisions for certain deductions and tax credits, filing deadline extensions, filing payment deadlines and making available certain grant money to assist in this pandemic. As of June 24, 2020, this legislation will allow us to:

- Reduce our fiscal 2020 payroll tax liability by utilizing employee retention credits to assist with employee payroll costs during this outbreak of \$7.9 million
- Amend our 2018 and 2019 U.S. Income Tax Returns in order to claim additional depreciation deductions related to qualified improvement property that will allow us to generate aggregate refunds of \$4.6 million, and upon filing our fiscal 2020 U.S. Income Tax Return we anticipate to include a benefit related to the additional depreciation on qualified improvement property of approximately \$2.0 million
- Defer the employer portion of certain payroll taxes, totaling \$12.9 million which will be repaid in two equal installments: on December 31, 2021, and December 31, 2022

Unrecognized Tax Benefits

A reconciliation of unrecognized tax benefits are as follows:

	June 24, 2020	June 26, 2019
Balance at beginning of year	\$ 3.5	\$ 3.9
Additions based on tax positions related to the current year	0.3	0.4
Additions based on tax positions related to prior years	—	—
Settlements with tax authorities	0.0	(0.1)
Expiration of statute of limitations	(0.8)	(0.7)
Balance at end of year	<u>\$ 3.0</u>	<u>\$ 3.5</u>

The total amount of unrecognized tax benefits, excluding interest and penalties, that would affect income tax expenses if resolved in our favor was \$2.4 million and \$2.7 million as of June 24, 2020 and June 26, 2019, respectively. We do not expect any material changes to our liability for uncertain tax positions in the next 12 months.

We recognize accrued interest and penalties related to unrecognized tax benefits in Provision (benefit) for income taxes in the Consolidated Statements of Comprehensive Income. As of June 24, 2020, we had \$0.3 million (\$0.2 million net

of a \$0.1 million Federal deferred tax benefit) of interest and penalties accrued, compared to \$0.3 million (\$0.2 million net of a \$0.1 million Federal deferred tax benefit) at June 26, 2019.

Our income tax returns are subject to examination by taxing authorities in the jurisdictions in which we operate. The periods subject to examination for our federal return are fiscal 2020 to fiscal 2021, and fiscal 2017 to fiscal 2019 for our Canadian returns. State income tax returns are generally subject to examination for a period of three to five years from date return is filed. We have various state income tax returns in the process of examination or settlements. Our federal returns for fiscal 2020 and 2021 are currently under examination through the Internal Revenue Service: Compliance Assurance Process (CAP) program. There are no unrecorded liabilities associated with these examinations.

10. SEGMENT INFORMATION

Our operating segments are Chili's and Maggiano's. The Chili's segment includes the results of our Company-owned Chili's restaurants principally in the United States, within the full-service casual dining segment of the industry. The Chili's segment also has Company-owned restaurants in Canada, and franchised locations in the United States, 28 countries and two United States territories. The Maggiano's segment includes the results of our Company-owned Maggiano's restaurants in the United States as well as the results from our domestic franchise business.

Company sales include revenues generated by the operation of Company-owned restaurants including gift card redemptions. Franchise and other revenues include Royalties and Franchise fees and other revenues. Franchise fees and other revenues include gift card breakage, Maggiano's banquet service charge income, franchise advertising fees, delivery fee income, digital entertainment revenues, gift card equalization, franchise and development fees, merchandise income, retail royalty revenues, and gift card discount costs from third-party gift card sales. We do not rely on any major customers as a source of sales, and the customers and long-lived assets of our operating segments are predominantly in the United States. There were no material transactions amongst our operating segments.

Our chief operating decision maker uses Operating income as the measure for assessing performance of our segments. Operating income includes revenues and expenses directly attributable to segment-level results of operations. Company restaurant expenses include Food and beverage costs, Restaurant labor, and Restaurant expenses. Restaurant expenses during the years presented primarily included restaurant rent, supplies, property and equipment maintenance, utilities, advertising expenses, credit card processing fees and property taxes. The following tables reconcile our segment results to the consolidated results reported in accordance with GAAP:

	Fiscal Year Ended June 24, 2020			
	Chili's ⁽²⁾	Maggiano's	Other	Consolidated
Company sales	\$ 2,673.5	\$ 331.4	\$ —	\$ 3,004.9
Royalties	33.7	0.2	—	33.9
Franchise fees and other revenues	24.5	15.2	—	39.7
Franchise and other revenues	58.2	15.4	—	73.6
Total revenues	2,731.7	346.8	—	3,078.5
Company restaurant expenses ⁽¹⁾	2,363.2	306.1	0.6	2,669.9
Depreciation and amortization	133.9	15.4	13.0	162.3
General and administrative	32.1	5.7	98.5	136.3
Other (gains) and charges	35.3	6.8	5.3	47.4
Total operating costs and expenses	2,564.5	334.0	117.4	3,015.9
Operating income (loss)	167.2	12.8	(117.4)	62.6
Interest expenses	4.6	—	55.0	59.6
Other (income), net	(0.6)	—	(1.3)	(1.9)
Income (loss) before income taxes	\$ 163.2	\$ 12.8	\$ (171.1)	\$ 4.9
Segment assets ⁽³⁾	\$ 1,967.3	\$ 228.2	\$ 160.5	\$ 2,356.0
Payments for property and equipment	88.2	8.1	8.2	104.5

	Fiscal Year Ended June 26, 2019			
	Chili's	Maggiano's	Other	Consolidated
Company sales	\$ 2,692.6	\$ 413.6	\$ —	\$ 3,106.2
Royalties	52.8	0.3	—	53.1
Franchise fees and other revenues	36.8	21.8	—	58.6
Franchise and other revenues	89.6	22.1	—	111.7
Total revenues	2,782.2	435.7	—	3,217.9
Company restaurant expenses ⁽¹⁾	2,329.6	364.8	0.6	2,695.0
Depreciation and amortization	120.1	16.2	11.3	147.6
General and administrative	38.7	6.1	104.3	149.1
Other (gains) and charges ⁽⁴⁾	(6.4)	1.0	0.9	(4.5)
Total operating costs and expenses	2,482.0	388.1	117.1	2,987.2
Operating income (loss)	300.2	47.6	(117.1)	230.7
Interest expenses	3.2	0.3	58.1	61.6
Other (income), net	—	—	(2.7)	(2.7)
Income (loss) before income taxes	\$ 297.0	\$ 47.3	\$ (172.5)	\$ 171.8
Segment assets	\$ 1,002.8	\$ 163.9	\$ 91.6	\$ 1,258.3
Payments for property and equipment	129.1	10.8	27.7	167.6

	Fiscal Year Ended June 27, 2018			
	Chili's	Maggiano's	Other	Consolidated
Company sales	\$ 2,628.3	\$ 413.2	\$ —	\$ 3,041.5
Franchise and other revenues	71.9	22.0	—	93.9
Total revenues	2,700.2	435.2	—	3,135.4
Company restaurant expenses ⁽¹⁾	2,224.0	362.8	0.6	2,587.4
Depreciation and amortization	125.0	15.9	10.5	151.4
General and administrative	39.6	5.5	90.9	136.0
Other (gains) and charges	24.5	1.1	8.9	34.5
Total operating costs and expenses	2,413.1	385.3	110.9	2,909.3
Operating income (loss)	287.1	49.9	(110.9)	226.1
Interest expenses	—	—	59.0	59.0
Other (income), net	—	—	(3.1)	(3.1)
Income (loss) before income taxes	\$ 287.1	\$ 49.9	\$ (166.8)	\$ 170.2
Payments for property and equipment	\$ 85.3	\$ 7.6	\$ 8.4	\$ 101.3

⁽¹⁾ Company restaurant expenses include Food and beverage costs, Restaurant labor and Restaurant expenses, including advertising expenses. Fiscal 2020 and fiscal 2019, are presented under the ASC 606 revenue accounting standard such that advertising contributions received from Chili's franchisees are recorded as Franchise fees and other revenues, which differs from fiscal 2018 that included advertising contributions on a net basis within Company restaurant expenses.

- (2) Chili's segment information for fiscal 2020 includes the results of operations and fair value of assets and goodwill related to the 116 restaurants purchased from a former franchisee since the September 5, 2019 acquisition date. Refer to Note 3 - Chili's Restaurant Acquisition for further details.
- (3) Segment assets for fiscal 2020 are presented in accordance with the newly adopted ASC 842 lease accounting standard that now include Operating lease assets. Refer to Note 4 - Leases for further details.
- (4) Other (gains) and charges in fiscal 2019 included the net impact from our completed sale leaseback transactions of 151 Company-owned Chili's restaurant properties and one Maggiano's property. As part of this transaction, we sold the related restaurant fixed assets, net of accumulated depreciation, totaling \$185.3 million. Chili's recognized a \$26.8 million, and Maggiano's recognized a \$0.5 million gain on the sale, including a certain portion of the deferred gain, net of related transaction costs incurred in Other (gains) and charges in the Consolidated Statements of Comprehensive Income. Refer to Note 4 - Leases for further details.

11. GOODWILL AND INTANGIBLES

We performed our annual impairment test in the second quarter of fiscal 2020 by utilizing the qualitative approach and determined that there were no events or circumstances to indicate that it was more likely than not that the fair value of our reporting units was less than their carrying values. During the third of fiscal 2020, we also performed a quantitative assessment of our goodwill due to the COVID-19 pandemic impact on our business and determined that the fair value of our reporting units was substantially in excess of the carrying values. No indicators of impairment were identified through the end of fiscal 2020. Refer to Note 2 - Novel Coronavirus Pandemic for additional disclosures around goodwill and the related COVID-19 assessments.

There have been no impairments of Goodwill for the fiscal years ended June 24, 2020, June 26, 2019 and June 27, 2018. The changes in the carrying amount of Goodwill by segment are as follows:

	June 24, 2020			June 26, 2019		
	Chili's	Maggiano's	Consolidated	Chili's	Maggiano's	Consolidated
Balance at beginning of year	\$ 127.1	\$ 38.4	\$ 165.5	\$ 125.4	\$ 38.4	\$ 163.8
Changes in goodwill:						
Additions ⁽¹⁾	22.4	—	22.4	1.6	—	1.6
Foreign currency translation adjustment	(0.3)	—	(0.3)	0.1	—	0.1
Balance at end of year	\$ 149.2	\$ 38.4	\$ 187.6	\$ 127.1	\$ 38.4	\$ 165.5

- (1) In the fiscal years ended June 24, 2020 and June 26, 2019, we acquired 116 and three domestic Chili's restaurants, respectively, previously owned by franchise partners. Refer to Note 3 - Chili's Restaurant Acquisition for information about the fiscal 2020 acquisition.

Intangible assets, net are as follows:

	June 24, 2020			June 26, 2019		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite-lived intangible assets						
Chili's reacquired franchise rights ⁽¹⁾	\$ 19.8	\$ (7.1)	\$ 12.7	\$ 13.3	\$ (5.5)	\$ 7.8
Chili's other	0.4	(0.4)	0.0	5.6	(1.5)	4.1
	<u>\$ 20.2</u>	<u>\$ (7.5)</u>	<u>\$ 12.7</u>	<u>\$ 18.9</u>	<u>\$ (7.0)</u>	<u>\$ 11.9</u>
Indefinite-lived intangible assets						
Chili's liquor licenses	\$ 9.4			\$ 9.5		
Maggiano's liquor licenses	0.9			0.9		
	<u>\$ 10.3</u>			<u>\$ 10.4</u>		

⁽¹⁾ We recorded an impairment charges of \$0.2 million in fiscal 2020, and \$0.5 million in fiscal 2019, in Other (gains) and charges in the Consolidated Statements of Comprehensive Income. Refer to Note 8 - Other Gains and Charges and Note 16 - Fair Value Measurements and for additional disclosures.

Additions, net of accumulated amortization of \$6.2 million in fiscal 2020 were recorded related to the reacquired franchise rights associated with the 116 acquired Chili's restaurants previously owned by a franchise partner.

Foreign currency translation impact is included in the gross carrying amount and accumulated amortization, and was a loss of \$0.1 million and gain of \$0.1 million for fiscal 2020 and fiscal 2019, respectively.

Amortization expenses for all definite-lived intangible assets were recorded in Depreciation and amortization in the Consolidated Statements of Comprehensive Income as follows:

	Fiscal Years Ended		
	June 24, 2020	June 26, 2019	June 27, 2018
Definite-lived intangible amortization expense	\$ 1.9	\$ 1.2	\$ 1.3

Annual amortization expenses for definite-lived intangible assets are estimated to be \$2.0 million for each of the next three fiscal years, \$1.9 million in fiscal 2024, and \$1.6 million in fiscal 2025.

12. DEBT

Long-term debt consists of the following:

	June 24, 2020	June 26, 2019
Revolving credit facility	\$ 472.9	\$ 523.3
5.000% notes	350.0	350.0
3.875% notes	300.0	300.0
Finance lease obligations	102.1	48.4
Total long-term debt	1,225.0	1,221.7
Less: unamortized debt issuance costs and discounts	(4.3)	(5.4)
Total long-term debt, less unamortized debt issuance costs and discounts	1,220.7	1,216.3
Less: current installments of long-term debt ⁽¹⁾	(12.2)	(9.7)
Long-term debt less current installments	\$ 1,208.5	\$ 1,206.6

⁽¹⁾ Current installments of long-term debt consist only of finance leases for the periods presented and are recorded within Other accrued liabilities in the Consolidated Balance Sheets. Refer to Note 13 - Accrued and Other Liabilities for further details.

Excluding finance lease obligations and interest, our long-term debt maturities for the five fiscal years following June 24, 2020 and thereafter are as follows:

Fiscal Year	Long-Term Debt
2021	\$ —
2022	472.9
2023	300.0
2024	—
2025	350.0
Thereafter	—
	\$ 1,122.9

Revolving Credit Facility

During fiscal 2020, net repayments of \$50.4 million were made on the \$1.0 billion revolving credit facility from funds received from the common stock issuance during the fourth quarter of fiscal 2020, partially offset by cash used to fund ongoing business operations, the acquisition of Chili's restaurants (refer to Note 3 - Chili's Restaurant Acquisition) and share repurchases. As of June 24, 2020, \$527.1 million of credit was available under the revolving credit facility.

The revolving credit facility generally bears interest of LIBOR plus an applicable margin, which is a function of our credit rating and debt-to-cash-flow ratio, but as of June 24, 2020 was subject to a maximum of LIBOR plus 2.350% on drawn funds. As of June 24, 2020, our interest rate was 3.100% that consisted of 2.350% plus LIBOR, subject to a floor of 0.750%. We are also subject to a 40 basis points facility fee on the \$1.0 billion.

During fiscal 2020, we executed three amendments to our revolving credit facility, which modified the maturity date of the facility, provided additional financial flexibility, and added certain restrictions as follows:

- Modified the maturity date of the \$110.0 million portion of the facility to expire on September 12, 2021, which coincides with the maturity date for the \$890.0 million portion
- Secured a waiver of compliance with financial covenants effective the third quarter of fiscal 2020 until the end of the third quarter of fiscal 2021

- Imposed a minimum liquidity covenant (defined as availability under the revolving credit facility plus unrestricted cash and cash equivalents) to require at least \$175.0 million through the third quarter of fiscal 2021
- Increased interest rates temporarily, from the fourth quarter of fiscal 2020 through the third quarter of fiscal 2021, to be fixed at LIBOR plus 2.350%. After this temporary period, the interest rate will return to LIBOR plus an applicable margin, which is a function of our credit rating and debt to cash flow ratio, but is subject to a maximum of LIBOR plus 1.700%. Additionally the LIBOR floor was permanently increased to 0.750%
- Increased facility fee temporarily to 40 basis points from the fourth quarter of fiscal 2020 through the third quarter of fiscal 2021. After this temporary period, the facility fee will return to a set fee schedule which is a function of our credit rating, but is subject to a maximum of 30 basis points
- Prohibited from making dividends, stock repurchases and investments from the fourth quarter of fiscal 2020 through the third quarter of fiscal 2021, and following this period, we will be subject to a \$50.0 million aggregate limitation on dividends, stock repurchases and investments
- Expanded the collateral securing the revolving credit facility, including intellectual property, among other things, and provided additional subsidiary guarantees

We have incurred \$3.2 million of debt issuance costs associated with these amendments, which are included in Other assets in the Consolidated Balance Sheets at June 24, 2020.

Subsequent to fiscal 2020 year-end, on July 23, 2020, we executed the seventh amendment to our revolving credit facility. This amendment extends the maturity date to December 12, 2022, and has a required commitment reduction to \$900.0 million on September 12, 2021 if the commitments have not previously been reduced to or below such commitment level by the issuance of certain debt or preferred equity interests. The revolving credit facility will bear interest of LIBOR, through December 2021, plus an applicable margin of between 2.250% to 3.000%, and an undrawn commitment fee of 0.350% to 0.500%, both based on a function of our debt-to-cash-flow ratio. In the event of incurrence of more than \$250.0 million of certain debt, our interest rate will be further lowered by 0.250%, and the facility fee lowered by 0.100%. Upon LIBOR's expiration in December 2021, our interest rate will be a function of a similar, publicly available, Eurodollar rate.

5.000% Notes

In fiscal 2017, we completed the private offering of \$350.0 million of our 5.000% senior notes due October 2024, our fiscal 2025 (the "2025 Notes"). We received proceeds of \$350.0 million and utilized the proceeds to fund a \$300.0 million accelerated share repurchase agreement and to repay \$50.0 million on the amended \$1.0 billion revolving credit facility. The notes require semi-annual interest payments which began on April 1, 2017.

The indenture for the 2025 Notes contains certain covenants, including, but not limited to, limitations and restrictions on the ability of the Company and its Restricted Subsidiaries (as defined in the indenture) to (i) create liens on Principal Property (as defined in the Indenture) and (ii) merge, consolidate or amalgamate with or into any other person or sell, transfer, assign, lease, convey or otherwise dispose of all or substantially all of their property. These covenants are subject to a number of important conditions, qualifications, exceptions and limitations.

3.875% Notes

In fiscal 2013, we issued \$300.0 million of 3.875% notes due in May 2023, our fiscal 2023. The 2023 Notes require semi-annual interest payments which began in the second quarter of fiscal 2014.

Financial Covenants

Our debt agreements contain various financial covenants that, among other things, require the maintenance of certain leverage and fixed charge coverage ratios. As of June 24, 2020, pursuant to the amendments to the revolving credit facility described above, and under the terms of the indentures governing our 2023 Notes and 2025 Notes, we are in compliance with our covenants. We expect to remain in compliance with our covenants during the fiscal 2021 year.

13. ACCRUED AND OTHER LIABILITIES

Other accrued liabilities consist of the following:

	June 24, 2020	June 26, 2019
Property tax	\$ 22.9	\$ 17.3
Insurance	20.7	17.9
Sales tax	13.3	14.6
Current installments of finance leases	12.2	9.7
Interest	7.5	7.5
Cyber security incident	3.4	0.8
Dividends ⁽¹⁾	1.5	14.9
Deferred franchise and development fees	1.1	1.4
Deferred sale leaseback gains ⁽²⁾	—	19.3
Straight-line rent ⁽²⁾	—	5.1
Landlord contributions ⁽²⁾	—	2.7
Other ⁽³⁾	18.0	29.9
	<u>\$ 100.6</u>	<u>\$ 141.1</u>

⁽¹⁾ Dividends included the current dividend payable on dividends previously accrued related to restricted share awards that will vest in the next year. Other liabilities contain the dividends accrued related to restricted shares that will vest after one year. No dividends were declared in the fourth quarter of fiscal 2020, refer to Note 15 - Shareholders' Deficit for further details.

⁽²⁾ Deferred sale leaseback gains at June 26, 2019 related to the current portion of the deferred gain on the sale leaseback transactions executed during the fiscal 2019. Upon the adoption of ASC 842, in fiscal 2020, the Deferred sale leaseback gains were eliminated as a cumulative effect adjustment to Retained earnings. Additionally, Straight-line rent and Landlord contributions balances were reclassified as a decrease to Operating lease assets upon the adoption of ASC 842. Refer to Note 4 - Leases for further details.

⁽³⁾ Other primarily consisted of accruals for utilities and services, banquet deposits for Maggiano's events, rent-related expenses, charitable donations, certain exit-related lease accruals and other various accruals. Accrual balances for certain exit-related lease accruals and rent-related expenses were reclassified as a decrease to Operating lease assets upon the adoption of ASC 842. Refer to Note 4 - Leases for further details.

Other liabilities consist of the following:

	June 24, 2020	June 26, 2019
Insurance	\$ 33.7	\$ 36.8
Deferred payroll taxes ⁽¹⁾	12.9	—
Deferred franchise fees	11.6	14.8
Unrecognized tax benefits	2.1	2.1
Straight-line rent ⁽²⁾	—	57.2
Landlord contributions ⁽²⁾	—	32.9
Unfavorable leases ⁽²⁾	—	2.8
Other	6.8	6.4
	<u>\$ 67.1</u>	<u>\$ 153.0</u>

⁽¹⁾ Deferred payroll taxes related to the fiscal 2020 deferral of the employer portion of certain social security taxes as allowed by the CARES Act. Refer to Note 9 - Income Taxes for more information.

(2) Straight-line rent, Landlord contributions and Unfavorable leases balances were reclassified as a decrease to Operating lease assets upon the adoption of ASC 842. Refer to Note 4 - Leases for more details.

14. STOCK-BASED COMPENSATION

Our shareholder approved stock-based compensation plans include the Stock Option and Incentive Plan for employees (“Employee Plan”) and the Stock Option and Incentive Plan for Non-Employee Directors and Consultants (collectively, and as may be amended, the “Plans”). The Plans provide for grants of options to purchase our common stock, restricted stock, restricted stock units, and stock appreciation rights. Additionally, grants to eligible employees may vest over a specified period of time or service period, or may contain performance-based conditions.

In fiscal 2019, our shareholders approved and we registered an additional 1.4 million shares of common stock of Brinker International, Inc. available for issuance under the Employee Plan. The total number of shares authorized for issuance to employees and non-employee directors and consultants under the Plans at June 24, 2020 is 38.7 million shares.

Presented below is total stock-based compensation expenses, and the related total income tax benefit recognized in the Consolidated Statements of Comprehensive Income:

	Fiscal Years Ended		
	June 24, 2020	June 26, 2019	June 27, 2018
Stock-based compensation expenses	\$ 14.7	\$ 16.4	\$ 14.2
Tax benefit related to stock-based compensation expenses	2.5	3.0	4.3

Stock Options

In fiscal 2019 and fiscal 2018, certain eligible employees under the Plans were granted performance stock options whose vesting is contingent upon meeting Company performance goals based on our annual earnings at the end of fiscal 2021 and 2022. Expenses for performance stock options are recognized using a graded-vesting schedule over the vesting period based upon management’s periodic estimates of the number of stock options that ultimately will vest. The options vest over a period of 4 to 5 years and have a contractual term to exercise of no later than August 31, 2025.

Stock options that do not contain a performance condition were also granted to eligible employees in fiscal 2020, fiscal 2019 and fiscal 2018, consistent with prior year grants. Expenses related to these stock options are recognized using a graded-vesting schedule over the vesting period or to the date on which retirement eligibility is achieved, if shorter. Stock options generally vest over a period of 1 to 4 years and have contractual terms to exercise of 8 years. Full or partial vesting of awards may occur upon a change in control (as defined in the Plans), or upon an employee’s death, disability or involuntary termination.

Stock option transactions during fiscal 2020 were as follows (option prices in dollars):

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Stock options outstanding at June 26, 2019	2.5	\$ 41.33		
Granted	0.3	35.33		
Exercised	0.0	29.07		
Forfeited or canceled	(0.1)	44.75		
Stock options outstanding at June 24, 2020	2.7	\$ 40.68	4.8	\$ 0.3
Stock options exercisable at June 24, 2020	1.0	\$ 45.32	3.4	\$ 0.0

During fiscal 2019, we modified certain fiscal 2018 performance-based stock option awards and 0.2 million options were canceled. We subsequently granted fiscal 2019 performance-based stock option awards of 0.4 million options with a grant date fair value equivalent to the fair value of the canceled fiscal 2018 options as of the modification date. Vesting of the fiscal 2019 performance-based options is conditioned on achievement of the same performance targets and vest on the same schedule as the fiscal 2018 performance-based stock options. There is no incremental compensation cost as a result of this modification.

The fair value of stock options is estimated using the Black-Scholes option-pricing model with the following weighted average assumptions, and the weighted average fair value of option grants:

	Fiscal Years Ended		
	June 24, 2020	June 26, 2019	June 27, 2018
Weighted average fair values of option grants	\$ 6.92	\$ 8.25	\$ 4.51
Expected volatility	33.4%	27.2%	25.2%
Risk-free interest rate	1.3%	2.9%	1.9%
Expected lives	5 years	5 years	6 years
Dividend yield	3.2%	3.5%	4.4%

Expected volatility and the expected life of stock options are based on historical experience. The risk-free rate is based on the yield of a United States Treasury Note with a term equal to the expected life of the stock options. The dividend yield is based on the most recent quarterly dividend per share declared and the closing stock price on the declaration date.

At June 24, 2020, unrecognized compensation expenses related to stock options totaled approximately \$1.9 million and will be recognized over a weighted average period of 1.8 years. The intrinsic value and related tax benefit of options exercised is as follows:

	Fiscal Years Ended		
	June 24, 2020	June 26, 2019	June 27, 2018
Intrinsic value of options exercised	\$ 0.6	\$ 1.8	\$ 2.5
Tax benefit realized on options exercised	0.1	0.4	0.6

Restricted Share Awards

Restricted share awards consist of performance shares, restricted stock and restricted stock units. Eligible employees under the Plans were granted performance shares whose vesting is contingent upon meeting Company performance goals based on our rate of earnings growth at the end of a three-fiscal-year period. Expenses are recognized ratably over the vesting period, or to the date on which retirement eligibility is achieved, if shorter, based upon management's periodic estimates of the number of shares that ultimately will be issued.

Restricted stock units granted to eligible employees under the Plans generally vest in full on the third anniversary of the date of grant. Restricted stock units issued to eligible employees under our career equity plan generally vest upon each employee's retirement from the Company. Expenses are recognized ratably over the vesting period, or to the date on which retirement eligibility is achieved, if shorter. Full or partial vesting of awards may occur upon a change in control (as defined in the Plans), or upon an employee's death, disability or involuntary termination.

Restricted share awards and restricted stock units granted to non-employee directors under the Plans generally vest in full on the fourth anniversary of the date of grant or upon each director's retirement from the Board. The non-employee directors' awards are non-forfeitable and are expensed upon grant.

Restricted share awards during fiscal 2020 were as follows (fair value per award in dollars):

	Number of Restricted Share Awards	Weighted Average Grant Date Fair Value Per Award
Restricted share awards outstanding at June 26, 2019	1.0	\$ 39.48
Granted	0.4	37.86
Vested	(0.2)	50.61
Forfeited	(0.1)	38.77
Restricted share awards outstanding at June 24, 2020	1.1	\$ 37.17

At June 24, 2020, unrecognized compensation expenses related to restricted share awards totaled approximately \$7.5 million and will be recognized over a weighted average period of 1.8 years. The fair value of shares that vested is as follows:

	Fiscal Years Ended		
	June 24, 2020	June 26, 2019	June 27, 2018
Fair value of restricted share awards vested	\$ 6.6	\$ 8.6	\$ 4.3

15. SHAREHOLDERS' DEFICIT

Common Stock Issuance

In the fourth quarter of fiscal 2020, we sold 8.1 million shares of our common stock at a price to the public of \$18.25 per share. Total net proceeds raised from the offering were \$139.1 million, after deducting the professional expenses. This common stock issuance was executed in part to provide additional capital through the course of the COVID-19 pandemic and for general corporate purposes.

Retirement of Treasury Stock

In fiscal 2020, the Board of Directors approved the retirement of 114.0 million shares of Treasury stock for a weighted average price per share of \$29.45. As of June 24, 2020, 25.3 million shares remain in treasury.

Effect of Accounting Standards Adoption

In fiscal 2020, we adopted the lease accounting standard, ASC 842, and recorded a \$195.9 million cumulative effect adjustment increase to Retained earnings for the change in accounting principle. Refer to Note 4 - Leases for further details. In fiscal 2019, we adopted the revenue recognition standard, ASC 606, and recorded a \$7.4 million cumulative effect adjustment decrease to Retained earnings for the change in accounting principle.

Dividends

In the fourth quarter of fiscal 2020, our Board of Directors voted to suspend the quarterly cash dividend due to uncertainty surrounding the duration of closures of our dining rooms and other restrictions mandated by state and local governments in response to COVID-19. Additionally, the amended revolving credit facility restricts our ability to pay dividends until the fourth quarter of fiscal year 2021, and subjects any dividends paid thereafter, along with share purchases and investments, to an aggregate cap. Following the expiration of these restrictions under our amended revolving credit facility, in the fourth quarter of fiscal year 2021, the Board of Directors will reevaluate the suspension based on current business conditions at that time. There is significant uncertainty regarding the future impact of the pandemic on the restaurant industry and the broader U.S. economy.

Before this suspension, our Board of Directors approved quarterly dividends of \$0.38 per share paid each quarter. During the fifty-two week periods ended June 24, 2020 and June 26, 2019, we paid dividends of \$57.4 million and \$60.3 million to common stock shareholders, respectively.

Share Repurchases

In the fourth quarter of fiscal 2020, our Board of Directors voted to suspend our share repurchase program due to uncertainty surrounding the duration of closures of our dining rooms and other restrictions mandated by state and local governments in response to COVID-19. Additionally, the amended revolving credit facility restricts our ability to repurchase shares until the fourth quarter of fiscal year 2021, and subjects any share purchases thereafter, along with dividends paid and investments, to an aggregate cap. Our share repurchase program has been used to return capital to shareholders and to minimize the dilutive impact of stock options and other share-based awards. We evaluate potential share repurchases under our plan based on several factors, including our cash position, share price, operational liquidity, proceeds from divestitures, borrowings, and planned investment and financing needs. Repurchased shares are reflected as an increase in Treasury stock within Shareholders' deficit in the Consolidated Balance Sheets.

Before this suspension, we repurchased approximately 0.8 million and 3.6 million shares of our common stock for \$32.4 million and \$167.7 million in fiscal 2020 and fiscal 2019, respectively. In fiscal 2019, our Board of Directors authorized a \$300.0 million increase to our existing share repurchase program resulting in total authorizations of \$4.9 billion. As of June 24, 2020, approximately \$166.8 million was available in the suspended share repurchase program.

16. FAIR VALUE MEASUREMENTS

Non-Financial Assets Measured on a Non-Recurring Basis

We review the carrying amounts of long-lived property and equipment, operating lease assets, reacquired franchise rights and transferable liquor licenses semi-annually or when events or circumstances indicate that the fair value may not substantially exceed the carrying amount. We record an impairment charge for the excess of the carrying amount over the fair value. All impairment charges were included in Other (gains) and charges in the Consolidated Statements of Comprehensive Income for the periods presented. Refer to Note 8 - Other Gains and Charges for more information.

Based on our fiscal 2020 semi-annual reviews, we impaired certain long-lived property and equipment, reacquired franchise rights and operating lease assets primarily related to 25 underperforming Chili's and three underperforming Maggiano's restaurants. Additionally, we impaired certain finance and operating lease assets related to closed Chili's restaurants. We considered the impact of the COVID-19 pandemic as a potential triggering event for impairment analysis in the third quarter of fiscal 2020, and in our regular fourth quarter of fiscal 2020 impairment analysis, refer to Note 2 - Novel Coronavirus Pandemic for further details. In fiscal 2019, we impaired certain long-lived assets primarily related to 11 underperforming Chili's restaurants as part of our regular analysis.

We determined the fair value of these assets based on Level 3 fair value measurements. The table below presents the carrying values and related impairment expenses recorded on these impaired and closed restaurants for the periods presented:

	Pre-Impairment Carrying Value		Impairment Charges	
			Fifty-Two Week Periods Ended	
	June 24, 2020	June 26, 2019	June 24, 2020	June 26, 2019
Underperforming restaurants				
Long-lived assets	\$ 16.7	\$ 10.3	\$ 16.7	\$ 10.3
Reacquired franchise rights assets	0.2	0.5	0.2	0.5
Operating lease assets	18.5	—	2.1	—
Finance lease assets	0.1	—	0.1	—
Total underperforming restaurants	\$ 35.5	\$ 10.8	\$ 19.1	\$ 10.8
Closed restaurants				
Operating lease assets	\$ 6.4	\$ —	\$ 1.8	\$ —
Finance lease assets	5.8	—	1.4	—
Total closed restaurants	\$ 12.2	\$ —	\$ 3.2	\$ —

We determine the fair value of transferable liquor licenses based on prices in the open market for licenses in the same or similar jurisdictions that is considered Level 2. Based on our semi-annual review, during fiscal 2020 and fiscal 2019, we determined there was no impairment.

Other Financial Instruments

Our financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and long-term debt. The fair values of cash and cash equivalents, accounts receivable and accounts payable approximate their carrying amounts because of the short maturity of these items. The carrying amount of debt outstanding related to the amended revolving credit facility approximates fair value as the interest rate on this instrument approximates current market rates (Level 2). The fair values of the 3.875% and 5.000% notes are based on quoted market prices and are considered Level 2 fair value measurements.

The 3.875% notes and 5.000% notes carrying amounts, which are net of unamortized debt issuance costs and discounts, and fair values are as follows, refer to Note 12 - Debt for further details:

	June 24, 2020		June 26, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
3.875% notes	\$ 299.0	\$ 282.8	\$ 298.6	\$ 296.3
5.000% notes	346.7	330.8	345.9	356.2

The decrease in fair value of the 3.875% notes and 5.000% notes from June 26, 2019 to June 24, 2020 was due to the impact of the COVID-19 pandemic.

During fiscal 2018, we received an \$18.0 million long-term note receivable as consideration related to the sale of our equity interest in the Chili's joint venture in Mexico. We determined the fair value of this note based on an internally developed analysis relying on Level 3 inputs at inception. This analysis was based on a credit rating we assigned to the counterparty and comparable interest rates associated with similar debt instruments observed in the market. As a result of this analysis, we determined the fair value of this note was approximately \$16.0 million and recorded this fair value as its initial carrying value. We believe the fair value continues to approximate the note receivable carrying value, which as of June 24, 2020 was \$7.3 million. The current portion of the note represents cash payments to be received over the next 12 months and is included within Accounts receivable, net while the long-term portion of the note is included within Other assets in the Consolidated Balance Sheets. Refer to Note 6 - Equity Method Investment for further details about this note receivable.

17. SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for income taxes and interest is as follows:

	Fiscal Years Ended		
	June 24, 2020	June 26, 2019	June 27, 2018
Income taxes, net of (refunds) ⁽¹⁾	\$ (7.2)	\$ 106.2	\$ 56.0
Interest, net of amounts capitalized	53.1	55.5	53.1

⁽¹⁾ Income taxes, net of (refunds) for the fiscal year ended June 24, 2020 included the receipt of a refund in fiscal 2020, partially offset by current year payments. Income taxes, net of (refunds) for the fiscal year ended June 26, 2019 included payments made for income tax liabilities resulting from sale leaseback transactions completed in fiscal 2019. Refer to Note 4 - Leases and Note 9 - Income Taxes for further details.

Non-cash investing and financing activities are as follows:

	Fiscal Years Ended		
	June 24, 2020	June 26, 2019	June 27, 2018
Retirement of fully depreciated assets	\$ 32.3	\$ 28.9	\$ 32.9
Dividends declared but not paid	1.2	15.6	17.0
Accrued capital expenditures	7.1	9.3	11.3
Capital lease additions ⁽¹⁾	—	15.1	7.9

⁽¹⁾ Capital lease additions for the fiscal year ended June 24, 2020 are now disclosed as part of the finance lease disclosures in Note 4 - Leases, "[Consolidated Statement of Cash Flows Disclosure of Lease Amounts](#)" section.

18. COMMITMENTS AND CONTINGENCIES

Lease Commitments and Guarantees

We have, in certain cases, divested brands or sold restaurants to franchisees and have not been released from lease guarantees for the related restaurants. As of June 24, 2020 and June 26, 2019, we have outstanding lease guarantees or are secondarily liable for \$39.7 million and \$55.3 million, respectively. These amounts represent the maximum potential liability of future rent payments under the leases. These leases have been assigned to the buyers and expire at the end of the respective lease terms, which range from fiscal 2021 through fiscal 2027. Our secondary liability position was reduced approximately \$9.3 million in fiscal 2020 due to certain leases associated with the acquisition of 116 restaurants from a franchisee, refer to Note 3 - Chili's Restaurant Acquisition for further details. In the event of default under a lease by a franchisee or owner of a divested brand, the indemnity and default clauses in our agreements with such third parties and applicable laws govern our ability to pursue and recover amounts we may pay on behalf of such parties. In the fourth quarter of fiscal 2020, we received some notices of default pertaining to these leases in circumstances that large divested brands did not pay full rent due to the COVID-19 pandemic. These brands are in communications with the landlords to defer or resolve payments and therefore we believe the loss is not probable at this time. We will continue to closely monitor this situation.

Letters of Credit

We provide letters of credit to various insurers to collateralize obligations for outstanding claims. As of June 24, 2020, we had \$27.2 million in undrawn standby letters of credit outstanding. All standby letters of credit are renewable within the next 3 to 12 months.

Cyber Security Incident

In fiscal 2018, we issued a public statement that malware had been discovered at certain Chili's restaurants that may have resulted in unauthorized access or acquisition of customer payment card data. Based on investigation by our third-party forensic experts, we believe most Company-owned Chili's restaurants were impacted by the malware during time frames that vary by restaurant, but we believe in each case began no earlier than March 21, 2018 and ended no later than April 22, 2018.

We expect to incur legal and professional services expenses associated with the cyber security incident in future periods, and will recognize these expenses as services are received. We will record an estimate for any additional losses at the time when it is both probable that a loss has been incurred and the amount of the loss is reasonably estimable. We have settled claims from three payment card companies, and the settlement amounts are included in the costs described in the following paragraph.

To limit our exposure to cyber security events, we maintain cyber liability insurance coverage. This coverage and certain other insurance coverage may reduce our exposure for this incident. Our cyber liability insurance policy contains a \$2.0 million retention that was fully accrued during fiscal 2018. Since the incident, through June 24, 2020, we have incurred total cumulative costs of \$8.0 million related to the cyber security incident. This includes the \$2.0 million retention recorded in fiscal 2018, \$1.9 million in costs that have been reimbursed by our insurance carriers, and \$3.6

million of receivable for costs incurred that we believe are reimbursable and probable of recovery under our insurance coverage, an additional \$0.4 million during fiscal 2019 and \$0.1 million during fiscal 2020 for expenses not believed to be covered by our insurance coverage recorded to Other (gains) and charges in the Consolidated Statements of Comprehensive Income.

The Company was named as a defendant in a putative class action lawsuit in the United States District Court for the Middle District of Florida styled In re: Brinker Data Incident Litigation, Case No. 18-cv-00686-TJC-MCR (the "Litigation") relating to the cyber security incident described above. In the Litigation, plaintiffs assert various claims stemming from the cyber security incident at the Company's Chili's restaurants involving customer payment card information and seek monetary damages in excess of \$5.0 million, injunctive and declaratory relief, and attorney's fees and costs. On January 4, 2019, we filed a Motion to Dismiss all of plaintiffs' claims asserting that plaintiffs do not have standing to bring the lawsuit and that plaintiffs have failed to state a claim on which relief can be granted.

On August 1, 2019, the court granted our Motion to Dismiss for lack of standing as to two plaintiffs and denied the motion as to the remaining plaintiffs. On January 28, 2020, the court granted in part and denied in part the remaining portion of our Motion to Dismiss. On March 5, 2020, the court granted our Motion for Protection in its entirety. On April 15, 2020 the court entered a first phase scheduling order establishing August 31, 2020 as Plaintiffs' deadline to file their motion for class certification and November 19, 2020 as the date for hearing Plaintiffs' motion. The parties selected a mediator and the discovery process has resumed. We believe we have defenses and intend to continue defending the Litigation. As such, as of June 24, 2020, we have concluded that a loss, or range of loss, from this matter is not determinable, therefore, we have not recorded a liability related to the Litigation. We will continue to evaluate this matter based on new information as it becomes available.

Legal Proceedings

Evaluating contingencies related to litigation is a complex process involving subjective judgment on the potential outcome of future events, and the ultimate resolution of litigated claims may differ from our current analysis. Accordingly, we review the adequacy of accruals and disclosures pertaining to litigated matters each quarter in consultation with legal counsel and we assess the probability and range of possible losses associated with contingencies for potential accrual in the Consolidated Financial Statements.

We are engaged in various legal proceedings and have certain unresolved claims pending. Liabilities have been established based on our best estimates of our potential liability in certain of these matters. Based upon consultation with legal counsel, management is of the opinion that there are no matters pending or threatened which are expected to have a material adverse effect, individually or in the aggregate, on the consolidated financial condition or results of operations.

19. EFFECT OF NEW ACCOUNTING STANDARDS

ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments - In June 2013, the FASB issued ASU 2016-13, creating ASC Topic 326 – Financial Instruments – Credit Losses. ASU 2016-13 is intended to improve financial reporting by requiring timelier recording of credit losses on financial assets measured at amortized cost basis (including, but not limited to loans), net investments in leases recognized as lessor and off-balance sheet credit exposures. ASU 2016-13 eliminates the probable initial recognition threshold under the current incurred loss methodology for recognizing credit losses. Instead, ASU 2016-13 requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The new guidance is effective for public entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, which will require us to adopt these provisions in the first quarter of fiscal 2021. We expect to adopt this update in the first quarter of fiscal 2021 and do not expect the adoption of this guidance to have a material impact in the Consolidated Financial Statements.

ASU No. 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement - In August 2018, the FASB issued ASU 2018-13, which modifies the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement. The amendments under ASU 2018-13 add an incremental requirement, among others, for entities to disclose (1) the range and weighted average used to develop significant unobservable inputs and (2) how the weighted average was calculated for fair value

measurements categorized within Level 3 of the fair value hierarchy. Entities may disclose other quantitative information in lieu of the weighted average if they determine that such information embodies a more reasonable and rational method of reflecting the distribution of significant unobservable inputs used to develop Level 3 fair value measurements. The new guidance is effective for all entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, which will require us to adopt these provisions in the first quarter of fiscal 2021. Early adoption is permitted. We expect to adopt this update in the first quarter of fiscal 2021 and do not expect the adoption of this guidance to have a material impact in the Consolidated Financial Statements.

ASU No. 2019-12, Simplifying the Accounting for Income Taxes - In December 2019, the FASB issued ASU 2019-12, which removes certain exceptions for recognizing deferred taxes for investments, performing intraperiod allocation and calculating income taxes in interim periods. The ASU also adds guidance to reduce complexity in certain areas, including recognizing deferred taxes for tax goodwill and allocating taxes to members of a consolidated group. The new guidance is effective for public entities for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years, which will require us to adopt these provisions in the first quarter of fiscal 2022. Early adoption is permitted. We anticipate to adopt this update in the first quarter of fiscal 2021 and do not expect the adoption of this guidance to have a material impact in the Consolidated Financial Statements.

20. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following tables summarize the unaudited consolidated quarterly results of operations for fiscal 2020 and fiscal 2019 (in millions, except per share amounts):

	Fiscal Year Ended June 24, 2020			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	\$ 786.0	\$ 869.3	\$ 860.0	\$ 563.2
Income (loss) before income taxes	\$ 16.8	\$ 29.0	\$ 27.2	\$ (68.1)
Net income (loss)	\$ 14.9	\$ 27.9	\$ 30.8	\$ (49.2)
Basic net income (loss) per share	\$ 0.40	\$ 0.75	\$ 0.83	\$ (1.20)
Diluted net income (loss) per share	\$ 0.39	\$ 0.73	\$ 0.81	\$ (1.20)
Basic weighted average shares outstanding	37.5	37.4	37.2	40.9
Diluted weighted average shares outstanding	38.1	38.1	37.8	40.9

	Fiscal Year Ended June 26, 2019			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	\$ 753.8	\$ 790.7	\$ 839.3	\$ 834.1
Income before income taxes	\$ 32.1	\$ 35.0	\$ 55.5	\$ 49.2
Net income	\$ 26.4	\$ 32.0	\$ 49.8	\$ 46.7
Basic net income per share	\$ 0.65	\$ 0.84	\$ 1.33	\$ 1.25
Diluted net income per share	\$ 0.64	\$ 0.83	\$ 1.31	\$ 1.22
Basic weighted average shares outstanding	40.4	38.1	37.5	37.5
Diluted weighted average shares outstanding	41.1	38.8	38.1	38.3

21. SUBSEQUENT EVENTS

Revolver Amendment & Net Borrowings

Subsequent to fiscal 2020 year-end, on July 23, 2020, we executed the seventh amendment to our revolving credit facility. Please refer to Note 12 - Debt for specifics on this amendment.

Additionally, net borrowings of \$18.4 million were drawn on the revolving credit facility subsequent to the end of the fiscal year, as of the date that this Annual Report on Form 10-K was filed.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Brinker International, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Brinker International, Inc. and subsidiaries (the Company) as of June 24, 2020 and June 26, 2019, the related consolidated statements of comprehensive income, shareholders' deficit, and cash flows for each of the fiscal years in the three-year period ended June 24, 2020, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 24, 2020 and June 26, 2019, and the results of its operations and its cash flows for each of the fiscal years in the three-year period ended June 24, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 24, 2020, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated August 21, 2020 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principles

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for revenue from contracts with customers as of June 28, 2018 due to the adoption of Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*. As discussed in Notes 1 and 4 to the consolidated financial statements, the Company has changed its method of accounting for leases as of June 27, 2019 due to the adoption of Accounting Standards Codification Topic 842, *Leases*.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Assessment of the carrying value of goodwill

As discussed in Notes 2 and 11 to the consolidated financial statements, the Company performs goodwill impairment testing on an annual basis and whenever events and changes in circumstances indicate that the carrying value might be impaired. The total goodwill balance as of June 24, 2020 was \$187.6 million, of which \$149.2 million was allocated to the Chili's reporting unit and \$38.4 million was allocated to the Maggiano's reporting unit. In March 2020, the impact from the spreading of a novel strain of coronavirus ("COVID-19") pandemic was declared a National Public Health Emergency and resulted in a significant reduction in sales at the Company's restaurants due to changes in consumer behavior as social distancing practices, dining room closures and other restrictions were mandated or encouraged by federal, state and local governments. This also resulted in a significant decline in market capitalization at March 25, 2020, the end of the Company's fiscal third quarter. As a result, the Company determined that a triggering event had occurred, which required the performance of a goodwill impairment test to assess the carrying value of goodwill. The Company determined that goodwill was not impaired.

We identified the assessment of the carrying value of goodwill as a critical audit matter. Significant auditor judgment, and the need to involve professionals with specialized skills in valuation methodology, was required to evaluate the forecasted future revenues and the discount rate used in the discounted cash flow model to determine the fair values of the Company's reporting units. In addition, due to the impact of COVID-19 on the Company's business, there was significant uncertainty associated with these inputs.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's goodwill impairment assessment process, including controls related to the development of the inputs described above. We evaluated the Company's forecasted revenue assumptions by comparing historical revenue and guest traffic patterns to the Company's estimate of future patterns as restaurants began to resume dine-in service. We compared the Company's forecasted revenue assumptions to actual results subsequent to the date of the goodwill impairment test. We involved valuation professionals with specialized skills and knowledge, who assisted in:

- evaluating the Company's discount rate, by comparing it against a discount rate that was independently developed using publicly available third-party market data for comparable entities, and;
- assessing the Company's calculated fair values of its reporting units on a combined basis compared to the Company's market capitalization.

Assessment of the gift card breakage revenue

As discussed in Notes 1 and 5 to the consolidated financial statements, gift card breakage revenue represents the monetary value associated with outstanding gift card balances that will not be redeemed. The Company estimates this amount based on the historical gift card redemption patterns and recognizes the estimated breakage as revenue in proportion to the pattern of related gift card redemptions. The gift card breakage revenue recognized for the year ended June 24, 2020 was approximately \$15.8 million.

We identified the assessment of the gift card breakage revenue as a critical audit matter. Subjective auditor judgment was required to evaluate the trends in historical and expected future redemption patterns used to estimate breakage revenue.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's gift card breakage revenue process including controls related to the gift card activation and redemption data used to develop the breakage rate. We assessed breakage revenue by comparing the data used to estimate the breakage rate and recognition pattern to the actual redemption activity. We evaluated the Company's estimate of the period of time over which to recognize breakage revenue by analyzing subsequent redemption activity.

/S/ KPMG LLP

We have served as the Company's auditor since 1984.

Dallas, Texas

August 21, 2020

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Brinker International, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Brinker International, Inc. and subsidiaries' (the Company) internal control over financial reporting as of June 24, 2020, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 24, 2020, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of June 24, 2020 and June 26, 2019, the related consolidated statements of comprehensive income, shareholders' deficit, and cash flows for each of the fiscal years in the three-year period ended June 24, 2020, and the related notes (collectively, the consolidated financial statements), and our report dated August 21, 2020 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/S/ KPMG LLP

Dallas, Texas

August 21, 2020

MANAGEMENT’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

We have assessed the effectiveness of our internal control over financial reporting based on the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment, we concluded that our internal control over financial reporting was effective as of June 24, 2020.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The effectiveness of our internal control over financial reporting as of June 24, 2020 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in its attestation report which is included herein.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) that are designed to provide reasonable assurance that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer and, as appropriate, to allow timely decisions regarding required disclosures.

In connection with the preparation of this Form 10-K, we carried out an evaluation under the supervision of and with the participation of management, including the principal executive officer and principal financial officer, as of June 24, 2020, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon this evaluation, the principal executive officer and principal financial officer concluded that as of June 24, 2020, our disclosure controls and procedures were effective.

Management’s Report on Internal Control over Financial Reporting

“Management’s Report on Internal Control over Financial Reporting” and the attestation report of the independent registered public accounting firm of KPMG LLP on internal control over financial reporting are presented within Part II, Item 8 - Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting in the fourth quarter of fiscal 2020 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

For information about our executive officers, Board of Directors, including its committees and their compensation, and Section 16(a) reporting compliance, refer to the sections entitled “Election of Directors - Information About Nominees”, “Committees of the Board of Directors”, “Executive Officers”, and to the extent applicable “Delinquent Section 16(a) Reports” in our Proxy Statement for the 2020 annual meeting of shareholders. We incorporate that information in this document by reference.

We adopted a code of ethics that applies to all of our team members, including the principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of the code is posted on our internet website at the internet address: http://investors.brinker.com/code_of_conduct. You may obtain free of charge copies of the code from our website at the above internet address. Any amendment of, or waiver from, our code of ethics required to be disclosed by applicable SEC rules or stock exchange listing requirements will be posted on our website within four business days of such amendment or waiver. The information contained on our website is not a part of this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

For information about our executive compensation, refer to the section entitled “Executive Compensation - Compensation Discussion and Analysis” in our Proxy Statement for the 2020 annual meeting of shareholders. We incorporate that information in this document by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

For information about our security ownership of certain beneficial owners and management and related stockholder matters, refer to the sections “Directors’ Compensation”, “Compensation Discussion and Analysis”, and “Stock Ownership of Certain Persons” in our Proxy Statement for the 2020 annual meeting of shareholders. We incorporate that information in this document by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

For information about certain relationships and related transactions, refer to the section “Certain Relationships and Related Transactions” in our Proxy Statement for the 2020 annual meeting of shareholders. We incorporate that information in this document by reference.

For information about the independence of our non-management directors, refer to the section entitled “Director Independence” in our Proxy Statement for the 2020 annual meeting of shareholders. We incorporate that information in this document by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

For information about principal accountant fees and services, refer to the section “Ratification of Independent Registered Public Accounting Firm” in our Proxy Statement for the 2020 annual meeting of shareholders. We incorporate that information in this document by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements - For a list of all financial statements, refer to Consolidated Financial Statements Table of Contents in Part II, Item 8 - Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

(a)(2) Financial Statement Schedules - All schedules are omitted as the required information is inapplicable or the information is presented in the Part II, Item 8 - Financial Statements and Supplementary Data financial statements or related notes.

(a)(3) Exhibits - We make reference to the exhibits listed under Part (b) below.

(b) Exhibits

Exhibit	Description
3(a)	Certificate of Incorporation of the Registrant, as amended ⁽¹⁾
3(b)	Bylaws of the Registrant ⁽²⁾
4(a)	Form of 3.875% Note due 2023 ⁽³⁾
4(b)	Indenture dated as of April 30, 2013 between Registrant and Wilmington Trust, National Association, as Trustee ⁽⁴⁾
4(c)	Second Supplemental Indenture dated as of May 15, 2013 between the Registrant and Wilmington Trust, National Association ⁽³⁾
4(d)	Form of 5.000% Senior Note due 2024 ⁽⁵⁾
4(e)	Senior Notes Indenture dated as of September 23, 2016, by and among the Registrant, the Guarantors named therein and U.S. Bank National Association, as trustee ⁽⁵⁾
4(f)	Description of Registered Securities ⁽⁶⁾
10(a)	Registrant's Stock Option and Incentive Plan, as amended ⁽⁷⁾
10(b)	Registrant's 1999 Stock Option and Incentive Plan for Non-Employee Directors and Consultants ⁽⁸⁾
10(c)	Credit Agreement dated as of March 12, 2015 ⁽⁹⁾
10(d)	Second Amendment to Credit Agreement dated September 13, 2016 ⁽¹⁰⁾
10(e)	Third Amendment to Credit Agreement dated April 30, 2018 ⁽¹¹⁾
10(f)	Fourth Amendment to Credit Agreement dated December 5, 2019 ⁽¹²⁾
10(g)	Fifth Amendment to Credit Agreement dated March 31, 2020*
10(h)	Sixth Amendment to Credit Agreement dated May 6, 2020 ⁽¹³⁾
10(i)	Seventh Amendment to Credit Agreement dated July 23, 2020 ⁽¹⁴⁾
10(j)	CEO Severance and Change in Control Agreement ⁽¹⁵⁾
10(k)	Executive Severance Benefits Plan and Summary Plan Description ⁽¹⁵⁾
10(l)	NEO Change in Control Severance Agreement ⁽¹⁵⁾
10(m)	Registrant's Performance Share Plan Description ⁽⁶⁾
10(n)	Registrant's Terms of Stock Option Award ⁽⁶⁾
10(o)	Registrant's Terms of Retention Stock Unit Award ⁽⁶⁾
10(p)	Registrant's Terms of Restricted Stock Unit Award ⁽⁶⁾
10(q)	Registrant's Terms of Special Equity Award ⁽¹⁶⁾
10(r)	Registrant's Terms of Board of Directors Restricted Stock Unit Award*
21	Subsidiaries of the Registrant*
23	Consent of Independent Registered Public Accounting Firm*
31(a)	Certification by Wyman T. Roberts, President and Chief Executive Officer of the Registrant, pursuant to 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a)*
31(b)	Certification by Joseph G. Taylor, Executive Vice President and Chief Financial Officer of the Registrant, pursuant to 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a)*
32(a)	Certification by Wyman T. Roberts, President 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*
32(b)	Certification by Joseph G. Taylor, 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*
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Schema Document
101.CAL	Inline XBRL Calculation Linkbase Document
101.DEF	Inline XBRL Definition Linkbase Document
101.LAB	Inline XBRL Label Linkbase Document
101.PRE	Inline XBRL Presentation Linkbase
104	The cover page from the Registrant's Annual Report on Form 10-K for the fiscal year ended June 24, 2020 is formatted in Inline XBRL

* Filed herewith.

The following are filed as an exhibit to the specified filing, and incorporated herein by reference:

- (1) Annual report on Form 10-K for year ended June 28, 1995
- (2) Annual report on Form 10-K for year ended June 27, 2018
- (3) Current report on Form 8-K dated May 15, 2013
- (4) Registration statement on Form S-3 filed April 30, 2013, SEC File No. 333-188252
- (5) Current report on Form 8-K dated September 23, 2016
- (6) Annual report on Form 10-K for year ended June 26, 2019
- (7) Proxy Statement of Registrant filed on October 5, 2018
- (8) Quarterly report on Form 10-Q for quarter ended December 28, 2005
- (9) Current report on Form 8-K dated March 12, 2015
- (10) Quarterly report on Form 10-Q for quarter ended September 28, 2016
- (11) Quarterly report on Form 10-Q for quarter ended March 28, 2018
- (12) Quarterly report on Form 10-Q for quarter ended December 25, 2019
- (13) Current report on Form 8-K dated May 6, 2020
- (14) Current report on Form 8-K dated July 23, 2020
- (15) Quarterly report on Form 10-Q for quarter ended March 29, 2017
- (16) Annual report on Form 10-K for year ended June 28, 2017

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

BRINKER INTERNATIONAL, INC.,
a Delaware corporation

Date: August 21, 2020

By: /S/ JOSEPH G. TAYLOR

Joseph G. Taylor,
Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, we have signed in our indicated capacities on August 21, 2020:

<u>Name</u>	<u>Title</u>
<u>/S/ WYMAN T. ROBERTS</u> Wyman T. Roberts	President and Chief Executive Officer of Brinker International, Inc. and President of Chili's Grill & Bar (Principal Executive Officer) and Director
<u>/S/ JOSEPH G. TAYLOR</u> Joseph G. Taylor	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
<u>/S/ JOSEPH M. DEPINTO</u> Joseph M. DePinto	Chairman of the Board
<u>/S/ FRANCES L. ALLEN</u> Frances L. Allen	Director
<u>/S/ CYNTHIA L. DAVIS</u> Cynthia L. Davis	Director
<u>/S/ HARRIET EDELMAN</u> Harriet Edelman	Director
<u>/S/ WILLIAM T. GILES</u> William T. Giles	Director
<u>/S/ JAMES C. KATZMAN</u> James C. Katzman	Director
<u>/S/ ALEXANDRE G. MACEDO</u> Alexandre G. Macedo	Director
<u>/S/ GEORGE R. MRKONIC</u> George R. Mrkonic	Director
<u>/S/ PRASHANT N. RANADE</u> Prashant N. Ranade	Director

FIFTH AMENDMENT TO CREDIT AGREEMENT

Dated as of March 31, 2020

This FIFTH AMENDMENT TO CREDIT AGREEMENT (this "Amendment"; capitalized terms used herein without definition having the meanings provided in Section 1 hereof) is between BRINKER INTERNATIONAL, INC., a Delaware corporation (the "Borrower"), BRINKER RESTAURANT CORPORATION, a Virginia corporation ("Brinker Restaurant"), BRINKER FLORIDA, INC., a Virginia corporation ("Brinker Florida"), BRINKER TEXAS, INC., a Virginia corporation ("Brinker Texas"), BRINKER INTERNATIONAL PAYROLL COMPANY, L.P., a Delaware limited partnership ("Brinker Payroll"), as Guarantors, the Existing Banks party hereto and BANK OF AMERICA, N.A., a national banking association, as administrative agent for the Banks (in such capacity, the "Administrative Agent").

RECITALS:

WHEREAS, the Borrower, the Guarantors, the Banks party thereto (the "Existing Banks") and Bank of America, N.A., as administrative agent, entered into that certain Credit Agreement dated as of March 12, 2015 (including schedules and exhibits thereto, as amended, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement"); and

WHEREAS, the Borrower has requested that the Administrative Agent and the Banks agree to amend and waive certain provisions of the Existing Credit Agreement as specifically set forth herein, and the Administrative Agent and the Banks party to this Amendment (the "Consenting Banks") are, on the terms and conditions contained in this Amendment, willing to grant such request and to amend and waive certain provisions of the Existing Credit Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Definitions and other Interpretive Provisions.

(a) Definitions. The following terms (whether or not underscored) when used in this Amendment, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

"Administrative Agent" is defined in the preamble.

"Amendment" is defined in the preamble.

"Borrower" is defined in the preamble.

"Consenting Banks" is defined in the recitals.

"Credit Agreement" means the Existing Credit Agreement, including schedules and exhibits thereto, as amended by this Amendment as the same may hereafter be further amended, amended and restated, supplemented or otherwise modified.

“Existing Banks” is defined in the recitals.

“Existing Credit Agreement” is defined in the recitals.

“Fifth Amendment Effective Date” means the date on which the conditions precedent to the effectiveness of this Amendment as specified in Section 4 herein have been satisfied.

(b) Other Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Amendment, including its preamble and recitals, have the meanings provided in the Credit Agreement.

(c) Other Interpretive Provisions. The rules of construction in Sections 1.02 through 1.05 of the Credit Agreement shall be equally applicable to this Amendment.

Section 2. Amendments.

(i) Credit Agreement. Effective as of the Fifth Amendment Effective Date, and subject to the terms and conditions set forth herein and in reliance upon representations and warranties set forth herein, the Existing Credit Agreement, including Schedule VIII and the Exhibits thereto, is hereby amended such that, after giving effect to all such amendments, it shall read in its entirety as attached hereto as Exhibit A, with all revisions to the Existing Credit Agreement, including Schedule VIII and the Exhibits, reflected in Exhibit A in blackline format (pursuant to which all deleted text is indicated textually in the same manner as the following example: ~~stricken text~~, and all added text is indicated textually in the same manner as the following example: **bold and double-underlined text**). The amendments to the Existing Credit Agreement are limited to the extent specifically set forth above and no other terms, covenants or provisions of the Existing Credit Agreement are intended to be affected hereby. The parties hereto acknowledge and agree that each amendment to the Existing Credit Agreement reflected in the Credit Agreement is and shall be effective as if individually specified in this Amendment (the parties further acknowledging that amending the Existing Credit Agreement by reference to the Credit Agreement provides a convenience to the parties to permit the amended terms to be read in the context of the full Credit Agreement), and that this Amendment is not a novation of the Existing Credit Agreement, any other Credit Document or of any credit facility, guaranty or security provided thereunder or in respect thereof.

(ii) Other Credit Documents. From and after the Fifth Amendment Effective Date, each reference to the Existing Credit Agreement in any Credit Document shall be a reference to the Existing Credit Agreement, as amended by this Amendment, as the same may hereafter be further amended, amended and restated, supplemented or otherwise modified.

Section 3. Limited Waiver. Effective as of the Fifth Amendment Effective Date, and subject to the terms and conditions set forth herein and in reliance upon the representations and warranties set forth herein, each Consenting Bank hereby waives compliance by the Borrower with Section 7.01 of the Credit Agreement, solely for the fiscal quarters ended March 25, 2020 and June

24, 2020 (and for this purpose such waiver shall be interpreted as if the Borrower was not required to comply with Section 7.01 of the Credit Agreement for the fiscal quarters ended March 25, 2020 and June 24, 2020). The foregoing waiver is a one-time waiver and applies only to the specified circumstance and does not modify or otherwise affect the Borrower's obligations to comply with such provision of the Credit Agreement or any other provision of the Credit Documents in any other instance. The foregoing limited waiver shall not be deemed or otherwise construed to constitute a waiver of any other provision or to prejudice any right, power or remedy which any Bank may now have or may have in the future under or in connection with the Credit Agreement or any other Credit Document, all of which rights, powers and remedies are hereby expressly reserved by the Banks. The agreements and consents set forth in this Section 3 are limited to the extent specifically set forth above and no other terms, covenants or provisions of the Credit Documents are intended to be affected hereby.

Section 4. Conditions of Effectiveness. This Amendment shall become effective on the date each of the following conditions shall have been satisfied (such date, the "Fifth Amendment Effective Date"):

(a) Documentation. The Administrative Agent shall have received the following duly executed by all the parties thereto, in form and substance satisfactory to the Administrative Agent and the Consenting Banks, and in sufficient copies for each Bank:

(i) this Amendment duly executed by the Borrower, the Guarantors, the Administrative Agent and the Majority Banks;

(ii) a certificate of the Secretary or an Assistant Secretary of the Borrower certifying (A) the Borrower's certificate of incorporation and by-laws (and in the case of each Guarantor that is organized in the State of Virginia, certifying that there has been no change to the certificate of incorporation of such Guarantor attached to the certificate of the Secretary or Assistant Secretary of such Guarantor delivered on the Fourth Amendment Effective Date), (B) the names and true signatures of the officers of the Borrower authorized to sign this Amendment and (C) that a true, correct and complete copy of the resolutions of the Borrower's Board authorizing the transactions contemplated hereby (including, for the avoidance of doubt, the performance of the Credit Agreement by the Borrower) is attached thereto and that such resolutions are in full force and effect;

(iii) a certificate of the Secretary or an Assistant Secretary of each Guarantor certifying (A) such Guarantor's certificate of incorporation and by-laws, (B) the names and true signatures of the officers of such Guarantor authorized to sign this Amendment and (C) that a true, correct and complete copy of the resolutions of such Guarantor's Board authorizing transactions contemplated hereby (including, for the avoidance of doubt, the performance of the Credit Agreement by the Guarantor) is attached hereto and that such resolutions are in full force and effect;

(iv) a favorable opinion of Gibson Dunn & Crutcher LLP, legal counsel for the Borrower and the Guarantors, and of Hunton Andrews Kurth LLP, Virginia legal counsel for the Borrower and the Guarantors, each dated as of the Fifth Amendment Effective Date,

as to the matters concerning the Borrower, the Guarantors and the Credit Documents as the Administrative Agent may reasonably request; and

(v) certificates, telecopy confirmation or electronic transmission, in each case, as of a date reasonably close to the date hereof from the Secretary of State of the state of incorporation or formation, as applicable, of each of the Borrower and the Guarantors as to the existence and good standing of the Borrower and the Guarantors, as applicable.

(b) Certification. The Administrative Agent shall have received a certificate, dated as of the Fifth Amendment Effective Date and signed by a Financial Officer of the Borrower, certifying that:

(i) no event or events which have or would reasonably be expected to have a Material Adverse Effect shall have occurred since June 26, 2019; provided that solely with respect to clause (a) of the definition of “Material Adverse Effect”, the impact of the Coronavirus (also known as COVID-19) pandemic on the financial condition or business operations of the Borrower and its Subsidiaries, on a Consolidated basis, that occurred and was disclosed to the Banks prior to the Fifth Amendment Effective Date will be disregarded for purposes of this certification;

(ii) no Default or event which, with the giving of notice, the lapse of time or both, would constitute a Default shall have occurred and be continuing on and as of the Fifth Amendment Effective Date;

(iii) the representations and warranties contained in Section 6 hereof shall be true and correct on and as of the Fifth Amendment Effective Date; and

(iv) no legal or regulatory action or proceeding shall have commenced and be continuing against the Borrower or any of its Subsidiaries since June 26, 2019, which has, or would reasonably be expected to have, a Material Adverse Effect.

(c) Patriot Act and Beneficial Owner Certification. (x) Upon the reasonable request of any Bank made at least three (3) Business Days prior to the Fifth Amendment Effective Date, the Borrower shall have provided to such Bank, and such Bank shall be reasonably satisfied with, the documentation and other information so requested in connection with applicable “know your customer” and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act, in each case at least three (3) Business Days prior to the Fifth Amendment Effective Date and (y) at least three (3) Business Days prior to the Fifth Amendment Effective Date, any Loan Party that qualifies as a “legal entity customer” under the Beneficial Ownership Regulation shall have delivered, to each Bank that so requests, a Beneficial Ownership Certification in relation to such Loan Party.

(d) Consent Fee. The Administrative Agent shall have received, for the ratable account of each Consenting Bank that has executed and delivered a counterpart hereof to the Administrative Agent on or prior to 12:00 p.m. Eastern Time on March 30, 2020 (the “Deadline”), a fee equal to 0.10% of such Bank’s undrawn Commitment and amount of outstanding Advances on the Fifth

Amendment Effective Date (such fee, the “Consent Fee”). The Consent Fee shall be payable in U.S. dollars in immediately available funds as directed by the Administrative Agent. Once paid, the Consent Fee shall not be refundable under any circumstances. For the avoidance of doubt, Consent Fee shall not be payable to any Bank that does not consent to this Amendment prior to the Deadline.

(e) Fees and Expenses. The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Fifth Amendment Effective Date pursuant to the Fifth Amendment Fee Letter, including all fees, charges and disbursements required to be paid or reimbursed by the Borrower pursuant to Section 9 hereof (which fees, charges and disbursements of counsel and such other out of pocket fees and expenses shall be limited to those for which invoices have been submitted on or prior to the Fifth Amendment Effective Date (provided, however, nothing herein shall preclude any post-closing settlement of such fees, charges, disbursements, costs and expenses to the extent not so invoiced)).

Section 5. Consent of the Guarantors. Each Guarantor hereby consents, acknowledges and agrees to the amendments set forth herein and hereby confirms and ratifies in all respects its guaranty in Article IV of the Credit Agreement (including without limitation the continuation of such Guarantor’s payment and performance obligations thereunder upon and after the effectiveness of this Amendment and the amendments contemplated hereby) and the enforceability of such guaranty against such Guarantor in accordance with its terms.

Section 6. Representations and Warranties of the Borrower and the Guarantors. In order to induce the Administrative Agent and the Banks to enter into this Amendment, the Borrower and each Guarantor represents and warrants as follows:

(a) The execution, delivery and performance by the Borrower and each Guarantor of its obligations in connection with this Amendment are within its corporate powers, have been duly authorized by all necessary corporate action and do not and will not (i) violate any provision of its articles or certificate of incorporation or bylaws or similar organizing or governing documents of the Borrower or the Guarantor, (ii) contravene any applicable law which is applicable to the Borrower or such Guarantor, or (iii) conflict with, result in a breach of or constitute (with notice, lapse of time or both) a default under any material indenture or instrument or other material agreement to which the Borrower or such Guarantor is a party, by which it or any of its properties is bound or to which it is subject, except, in the case of clauses (ii) and (iii) above, to the extent such contraventions, conflicts, breaches or defaults could not reasonably be expected to have a Material Adverse Effect.

(b) The Borrower and each Guarantor has taken all necessary corporate action to execute, deliver and perform this Amendment and has validly executed and delivered this Amendment. This Amendment constitutes a legal, valid and binding obligation of the Borrower and each Guarantor, enforceable against the Borrower and each Guarantor in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors’ rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(c) No material consent, approval, authorization or other action by, notice to, or registration or filing with, any governmental authority or other Person is or will be required as a condition to or otherwise in connection with the due execution, delivery and performance by the Borrower or each Guarantor of this Amendment, except (i) such as have been obtained or made and are in full force and effect, and (ii) such filings as may be required in connection with the Borrower's obligations under the Exchange Act.

(d) As of the Fifth Amendment Effective Date, the representations and warranties contained in each of the Credit Documents are true and correct in all material respects (except for those representations and warranties that have a material qualifier, in which case those representations and warranties shall be true and correct in all respects) as of the date hereof as though made on and as of such date (other than any such representations or warranties that, by their terms, refer to a specific date, in which case as of such specific date).

(e) No Default or event which, with the giving of notice, the lapse of time or both, would constitute a Default shall exist after giving effect to this Amendment.

Section 7. Reference to and Effect on the Credit Documents. On the Fifth Amendment Effective Date and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in each of the other Credit Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Existing Credit Agreement, as amended by this Amendment, and this Amendment shall constitute a Credit Document.

(a) The Existing Credit Agreement and each of the other Credit Documents, as specifically amended by this Amendment, are and shall continue to be in full force and effect according to their respective terms and are hereby in all respects ratified and confirmed. The parties hereto acknowledge and agree that the amendments contained herein do not constitute a novation of the Existing Credit Agreement, the other Credit Documents or the indebtedness or any other obligation of the Borrower and the Guarantors described therein and shall not, in any case, affect, diminish or abrogate the Borrower's or any Guarantor's liability under the Credit Agreement or any other Credit Document.

(b) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Bank or the Administrative Agent under any of the Credit Documents, nor constitute a waiver of, consent to a departure from, or modification of any other term, covenant, provision or condition set forth in any of the Credit Documents.

Section 8. Bank Consent. For purposes of determining compliance with the conditions specified in Section 4, each Bank that has signed this Amendment shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required hereunder to be consented to or approved by or acceptable or satisfactory to a Bank unless the Administrative Agent shall have received notice from such Bank prior to the proposed Fifth Amendment Effective Date specifying its objection thereto.

Section 9. Costs and Expenses. On or prior to the Fifth Amendment Effective Date, the Borrower agrees to pay all reasonable and documented out-of-pocket costs and expenses incurred by the Administrative Agent in connection with the preparation, execution and delivery of this Amendment and the other instruments and documents to be delivered hereunder (including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent) in accordance with the terms of Section 10.04 of the Credit Agreement.

Section 10. Execution in Counterparts. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or in electronic (*i.e.*, “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Amendment.

Section 11. Governing Law. This Amendment shall be governed by, and construed in accordance with, the law of the State of Texas (except that Chapter 346 of the Texas Finance Code, which regulates certain revolving credit loan accounts, shall not apply to this Amendment or any other Credit Document).

Section 12. Section Captions. Section captions used in this Amendment are for convenience of reference only, and shall not affect the construction of this Amendment.

Section 13. Entire Agreement. This Amendment and the other Credit Documents (the “Relevant Documents”) constitute the entire agreement among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. No promise, condition, representation or warranty, express or implied, not set forth in the Relevant Documents shall bind any party hereto, and no such party has relied on any such promise, condition, representation or warranty. Each of the parties hereto acknowledges that, except as otherwise expressly stated in the Relevant Documents, no representations, warranties or commitments, express or implied, have been made by any party to the other with respect to the subject matter hereof. None of the terms or conditions of this Amendment may be changed, modified, waived or canceled orally or otherwise, except in writing and in accordance with Section 10.01 of the Credit Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWER:

BRINKER INTERNATIONAL, INC.

By: /s/ Joseph G. Taylor

Name: Joe Taylor

Title: Senior Vice President and Chief Financial Officer

GUARANTORS:

BRINKER RESTAURANT CORPORATION

By: /s/ Daniel Fuller

Name: Daniel Fuller

Title: Vice President, Treasurer and Assistant Secretary

BRINKER FLORIDA, INC.

By: /s/ Daniel Fuller

Name: Daniel Fuller

Title: Vice President, Treasurer and Assistant Secretary

BRINKER TEXAS, INC.

By: /s/ Daniel Fuller

Name: Daniel Fuller

Title: Vice President, Treasurer and Assistant Secretary

BRINKER INTERNATIONAL PAYROLL
COMPANY, L.P.

By: BIPC Management, LLC, its general partner

By: /s/ Joseph G. Taylor

Name: Joseph G. Taylor

Title: Executive Vice President and Chief Financial Officer

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.

By: /s/ Kelly Weaver

Name: Kelly Weaver

Title: Vice President

Brinker International, Inc.
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BANKS:

BANK OF AMERICA, N.A.

By: /s/ Aron Frey

Name: Aron Frey

Title: Director

JPMORGAN CHASE BANK, N.A.

By: /s/ Alexander Vardaman
Name: Alexander Vardaman
Title: Authorized Officer

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WELLS FARGO BANK, N.A.

By: /s/ Darcy McLaren
Name: Darcy McLaren
Title: Director

MUFG BANK, LTD.

By: /s/ Christine Howatt
Name: Christine Howatt
Title: Authorized Signatory

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TRUIST BANK (as successor by merger to SunTrust Bank)

By: /s/ Chris Hursey
Name: Chris Hursey
Title: Director

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Kara P. Duzee
Name: Kara P. Van Duzee
Title: Vice President

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BARCLAYS BANK PLC

By: /s/ Christopher M. Aitkin
Name: Christopher M. Aitkin
Title: Vice President

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REGIONS BANK

By: /s/ Ryan Fischer

Name: Ryan Fischer

Title: Managing Director

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ASSOCIATED BANK NATIONAL ASSOCIATION

By: /s/ Dean H. Rosencrans

Name: Dean H. Rosencrans

Title: Senior Vice President

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PNC BANK, NATIONAL ASSOCIATION

By: /s/ Brendan McGuire
Name: Brendan McGuire
Title: Executive Vice President

CREDIT AGREEMENT

dated as of March 12, 2015

amended as of November 13, 2015, September 13, 2016, April 30, 2018, December 5, 2019 and March 31, 2020

by and among

BRINKER INTERNATIONAL, INC.,
as Borrower,

BRINKER RESTAURANT CORPORATION,

BRINKER FLORIDA, INC.,

BRINKER TEXAS, INC.,

and

BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.,
as Guarantors,

The Banks Party Hereto

and

BANK OF AMERICA, N.A.,
as Administrative Agent

BOFA SECURITIES, INC.,

JPMORGAN CHASE BANK, N.A.,

WELLS FARGO SECURITIES, LLC,

SUNTRUST ROBINSON HUMPHREY, INC.

and

MUFG BANK, LTD.,
as Joint Lead Arrangers
and Bookrunners

JPMORGAN CHASE BANK, N.A.

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Syndication Agents

TRUIST BANK (as successor by merger to SunTrust Bank) and MUFG BANK, LTD.,
as Documentation Agents

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EXHIBITS:

- Exhibit A Form of Note
- Exhibit B Form of Notice of Borrowing
- Exhibit C Form of Assignment
- Exhibit D Form of Opinion of Counsel for the Borrower and the Guarantors
- Exhibit E Form of U.S. Tax Compliance Certificate
- Exhibit F Form of Notice of Prepayment

SCHEDULES:

- Schedule I - Banks and Administrative Agent's Offices; Certain Addresses for Notices
- Schedule II - Borrower and Guarantors Addresses
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- Schedule VIII - Commitments

CREDIT AGREEMENT

CREDIT AGREEMENT (this “Agreement”), dated as of March 12, 2015 and amended as of November 13, 2015, September 13, 2016, April 30, 2018, December 5, 2019 and March 31, 2020 by and among BRINKER INTERNATIONAL, INC., a Delaware corporation (the “Borrower”), BRINKER RESTAURANT CORPORATION, a Delaware corporation (“Brinker Restaurant”), BRINKER FLORIDA, INC., a Delaware corporation (“Brinker Florida”), BRINKER TEXAS, INC., a Delaware corporation (“Brinker Texas”), BRINKER INTERNATIONAL PAYROLL COMPANY, L.P., a Delaware limited partnership (“Brinker Payroll”, and together with Brinker Restaurant, Brinker Florida, Brinker Texas and any Subsidiary that becomes a guarantor pursuant to Section 6.09, individually, a “Guarantor” and collectively, the “Guarantors”), the Banks party hereto, and BANK OF AMERICA, N.A., a national banking association, as administrative agent (in such capacity, the “Administrative Agent”) for the Banks hereunder.

RECITALS

WHEREAS, the Borrower, Brinker Restaurant, as guarantor, the banks party thereto (the “Existing Banks”) and Bank of America, as administrative agent, entered into that certain Credit Agreement dated as of March 12, 2015 and amended on November 13, 2015, September 13, 2016 and April 30, 2018 (the “Existing Credit Agreement”), pursuant to which the Existing Banks have made available to the Borrower a revolving credit facility (the “Existing Revolving Facility”);

WHEREAS, the Borrower has requested that the Banks and the Administrative Agent amend the Existing Credit Agreement in the form of this Agreement, and the Banks and the Administrative Agent are willing to amend the Existing Credit Agreement in its entirety on the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I.

DEFINITIONS AND ACCOUNTING TERMS

Section 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

“2023 Notes Indenture” means, collectively, the Indenture dated as of April 30, 2013 between the Borrower and Wilmington Trust, National Association, as Trustee, as supplemented by the First Supplemental Indenture dated as of May 15, 2013 and the Second Supplemental Indenture dated as of May 15, 2013, and the notes issued thereunder.

“2024 Notes Indenture” means, collectively, the Senior Notes Indenture dated as of September 23, 2016 among the Borrower, the guarantors party thereto and U.S. Bank National Association, as Trustee, and the notes issued thereunder.

“Accession Agreement” has the meaning specified in Section 2.17.

“Additional Bank” has the meaning specified in Section 2.01(a).

“Administrative Agent” has the meaning specified in the introduction hereto.

“Administrative Agent’s Office” means the Administrative Agent’s address and, as appropriate, account as set forth on Schedule I, or such other address or account as the Administrative Agent may from time to time notify to the Borrower and the Banks.

“Advance” means an advance made by a Bank to the Borrower pursuant to Article II.

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affiliate” means any Person that, directly or indirectly, controls, or is controlled by or under common control with, another Person. For the purposes of this definition, the terms “control”, “controlled by” and “under common control with”, as used with respect to any Person, means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise. Without limiting the generality of the foregoing, a Subsidiary of a Person is an Affiliate of that Person.

“Agreement” has the meaning specified in the introduction hereto.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or the Subsidiaries from time to time concerning or relating to bribery, money laundering or corruption.

“Applicable Law” means, as to any Person, all applicable Laws binding upon such Person or to which such a Person is subject.

“Applicable Lending Office” means, with respect to each Bank, such Bank’s Domestic Lending Office in the case of a Base Rate Advance, and such Bank’s Eurodollar Lending Office in the case of a Eurodollar Rate Advance.

“Applicable Rate” means, for any day, the applicable rate per annum set forth below under the caption “Eurodollar Rate Spread”, “Base Rate Spread” or “Facility Fee Rate”, as the case may be, based upon the Moody’s Rating and the S&P Rating:

Rating Level	Ratings (Moody's/ S&P)	Facility Fee Rate (bps per annum)	Eurodollar Rate Spread (bps per annum) after the end of the Limitation Period	Eurodollar Rate Spread (bps per annum) during the Limitation Period	Base Rate Spread (bps per annum) after the end of the Limitation Period	Base Rate Spread (bps per annum) during the Limitation Period
Rating Level 1	≥ Baa1 or BBB+	12.5	100.0	125.0	0.0	25.0
Rating Level 2	Baa2 or BBB	15.0	110.0	135.0	10.0	35.0
Rating Level 3	Baa3 or BBB-	20.0	117.5	142.5	17.5	42.5
Rating Level 4	Ba1 or BB+	25.0	137.5	162.5	37.5	62.5
Rating Level 5	< Ba1 and BB+ or unrated	30.0	170.0	195.0	70.0	95.0

; provided that so long as the Borrower and its Subsidiaries shall have demonstrated, by delivery of the financial statements pursuant to Sections 6.02(b) and (c) and the certificate pursuant to Section 6.02(e) to the Administrative Agent no later than the due dates specified therein, a Debt to Cash Flow Ratio of less than 2.25 to 1.00 for the twelve month period ending on the fiscal quarter then most recently ended, the Eurodollar Rate Spread (bps per annum) referenced in the immediately preceding table shall be 5.0 bps less than the applicable rates set forth in such table above for all rating levels, commencing one (1) Business Day following the receipt of such financial statements and such certificate by the Administrative Agent and through and including the date of receipt by the Administrative Agent of such financial statements and such certificate for the next fiscal quarter end date, at which point, the Eurodollar Rate Spread (bps per annum) shall be recalculated again in accordance with the applicable rates set forth in the table above and this proviso; provided however that if such financial statements and certificate are not delivered to the Administrative Agent by the due dates specified in such Sections, then immediately following the applicable due date, the Eurodollar Rate Spread (bps per annum) shall be calculated in accordance with the applicable rates set forth in the table above (and the 5.0 bps discount contemplated under this proviso shall not apply) until one (1) Business Day following the receipt of such financial statements and such certificate by the Administrative Agent for the next fiscal quarter end date, at which point, the Eurodollar Rate Spread (bps per annum) shall be recalculated again in accordance with the applicable rates set forth in the table above and this proviso.

For the purposes of this definition, (a) if a Moody's Rating or, an S&P Rating shall not be in effect (other than by reason of the circumstances referred to in the last sentence of this definition), then the applicable rating agency shall be deemed to have established a rating in Rating Level 5 (as set forth in the table above); (b) if the Moody's Rating and the S&P Rating shall fall within different Rating Levels, the Applicable Rate shall be based on the higher of the two ratings unless the ratings differ by more than one Rating Level, in which case the Applicable Rate shall be based on the Rating

Level one level above that corresponding to the lower rating (in each case, for which purposes, Rating Level 1 is the highest and Rating Level 5 is the lowest); and (c) if the Moody's Rating or the S&P Rating shall be changed (other than as a result of a change in the rating system of Moody's or S&P), such change shall be effective as of the date on which it is first publicly announced by Moody's or S&P. Each change in the Applicable Rate shall apply during the period commencing on the effective date of such rating change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody's or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Borrower and the Banks shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Applicable Rate shall be determined by reference to the rating most recently in effect prior to such change or cessation.

Notwithstanding anything to the contrary herein, (a) as of the Third Amendment Effective Date, the Applicable Rate shall be based upon Rating Level 5 and shall continue to be based upon Rating Level 5 for one hundred eighty (180) days following the Third Amendment Effective Date, (b) as of the Fifth Amendment Effective Date, the Applicable Rate shall be based upon Rating Level 5 and shall continue to be based upon Rating Level 5 until termination of the Limitation Period and (c) thereafter the Applicable Rate shall be based upon the Moody's Rating and the S&P Rating as set forth in the table above.

“Applicable Usury Laws” means the Texas Finance Code, any other law of the State of Texas limiting interest rates or the amount of interest that may lawfully be charged and any applicable Federal law to the extent that it permits Banks to contract for, charge, reserve or receive a greater amount of interest than under the Texas Finance Code or other laws of the State of Texas.

“Assignment” means an assignment and acceptance entered into by a Bank and an assignee, and accepted by the Administrative Agent, in substantially the form of the attached Exhibit C.

“Availability Period” means the period of time commencing on the Fourth Amendment Effective Date and ending on the Termination Date.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Affected Financial Institution.

“Bail-In Legislation” means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Bank of America” means Bank of America, N.A. and its successors.

“Bank of America Fee Letter” means the Fee Letter dated August 19, 2016 among the Borrower, Bank of America and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

“Banks” means the Persons with a Commitment or an outstanding Advance as of the Fourth Amendment Effective Date and each other Person that shall have become a party hereto as a “Bank” pursuant to an Assignment or an Accession Agreement, other than any such Person that shall have ceased to be a party hereto pursuant to an Assignment.

“Base Rate” means for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus 1/2 of 1%, (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its “prime rate,” and (c) the Eurodollar Rate plus 1.00% and if the Base Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement. The “prime rate” is a rate set by Bank of America based upon various factors including Bank of America’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such prime rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change. If the Base Rate is being used as an alternate rate of interest pursuant to Section 2.14 hereof, then the Base Rate shall be the greater of clauses (a) and (b) above and shall be determined without reference to clause (c) above.

“Base Rate Advance” means an Advance which bears interest as provided in Section 2.07(a)(i).

“Base Rate Borrowing” means a Borrowing comprised of Base Rate Advances.

“Beneficial Ownership Certification” means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in Section 4975 of the Code or (c) any Person whose assets include “plan assets,” as defined by Section 3(42) of ERISA, of any such “employee benefit plan” or “plan”.

“Board” means, as to any Person, the Board of Directors of the Person or the Executive Committee thereof.

“Borrower” has the meaning specified in the introduction hereto.

“Borrower Materials” has the meaning specified in Section 6.02.

“Borrowing” means a borrowing consisting of simultaneous Advances of the same Type made to the Borrower by each of the Banks pursuant to Section 2.01.

“Brinker Florida” has the meaning specified in the introduction hereto.

“Brinker Payroll” has the meaning specified in the introduction hereto.

“Brinker Restaurant” has the meaning specified in the introduction hereto.

“Brinker Texas” has the meaning specified in the introduction hereto.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent’s Office is located and, if such day relates to any Eurodollar Rate Advances, means any such day that is also a London Banking Day.

“Capitalized Lease” means at any time, a lease with respect to which the lessee thereunder is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

“Capitalized Lease Obligations” means, with respect to any Person for any period of determination, the amount of the obligations of such Persons under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with GAAP.

“Cash Management Agreement” means any agreement to provide cash management services, including treasury, depository, overdraft, credit or debit card, electronic funds transfer and other cash management arrangements.

“Cash Management Bank” means any Person that either (a) at the time it enters into a Cash Management Agreement, is the Administrative Agent, an Affiliate of the Administrative Agent, a Bank or an Affiliate of a Bank or (b) is a party to a Cash Management Agreement at the time it (or its applicable Affiliate) becomes a Bank (either on the Third Amendment Effective Date, prior to, or thereafter as an Eligible Assignee), or (c) prior to the time such Person became a Bank, an Affiliate of a Bank, Administrative Agent or an Affiliate thereof, such Person entered into a Cash Management Agreement that was in effect on the Effective Date, in each case in its capacity as a party to such Cash Management Agreement.

“Change in Law” means the occurrence, after the Effective Date, of any introduction of or any change (including without limitation, but without duplication, any change by way of imposition or increase of reserve requirements included, in the case of Eurodollar Rate Advances, in the Eurodollar Rate Reserve Percentage) in or in the interpretation, application or applicability of any law, regulation, guideline or request from any central bank or other governmental authority (whether or not having the force of law); provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith or in the implementation thereof and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted, issued or implemented.

“Code” means, as appropriate, the Internal Revenue Code of 1986.

“Collateral” means

- (a) all accounts (as defined in the UCC);
- (b) all inventory (as defined in the UCC) and all restaurant supplies;
- (c) all Intellectual Property;
- (d) all Pledged Equity;
- (e) all Pledged Debt;
- (f) all other assets and personal property that is or is intended under the terms of the Collateral Documents to be subject to Liens in favor of the Administrative Agent for the benefit of the Secured Parties;
- (g) all books and records relating to any of the foregoing (including, to the extent relating to the foregoing, customer data, credit files, ledgers, computer programs, printouts, and other computer materials and records (and all media on which such data, files, programs, materials and records are or may be stored)); and
- (h) all proceeds, products and replacements of, accessions to, and substitutions for, any of the foregoing, including without limitation proceeds of insurance policies, to the extent related to a loss related to the foregoing.

In no event shall “Collateral” include any of the Excluded Assets.

“Collateral Documents” means, collectively, the Security Agreement, each of the collateral assignments, security agreement supplements, security agreements, pledge agreements or other similar agreements delivered to the Administrative Agent pursuant to Section 6.10, and each of the other agreements, instruments or documents, and all amendments, restatements, modifications or supplements thereof or thereto, by or between any one or more of any Loan Party that, now or hereafter, creates or purports to create a Lien in favor of the Administrative Agent for the benefit of the Secured Parties, and all financing statements (or comparable documents now or hereafter filed in accordance with the UCC or comparable law) against any such Person as debtor in favor of any the Administrative Agent or a Bank for the benefit of the Administrative Agent, the Banks and the other Secured Parties, as secured party, as any of the foregoing may be amended, restated and/or modified from time to time.

“Commitment” means, at any time, whether used or unused, the obligation of each Bank to make Advances in an aggregate amount up to and including the amount set forth opposite such Bank’s name on Schedule VIII hereto under the caption “Commitments” or in an Assignment, as such amount may be terminated, reduced or increased pursuant to Section 2.05, Section 2.17, Section 8.01 or Section 10.06.

“Commitment Letter” means the Commitment Letter dated as of August 19, 2016 among the Borrower, Bank of America, JPMCB, Wells Fargo Bank and the Joint Lead Arrangers.

“Commodity Exchange Act” means the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*), as amended from time to time, and any successor statute.

“Confidential Information” has the meaning specified in Section 10.12.

“Consolidated” refers to the consolidation of the accounts of any Person and its Subsidiaries in accordance with GAAP.

“Controlled Group” means any group of organizations within the meaning of Section 414(b), (c), (m), or (o) of the Code of which the Borrower or its Subsidiaries is a member.

“Corporate Franchise” means the right or privilege granted by the state or government to the Person forming a corporation, and their successors, to exist and do business as a corporation and to exercise the rights and powers incidental to that form of organization or necessarily implied in the grant.

“Covered Entity” has the meaning specified in Section 10.21(b).

“Credit Documents” means this Agreement, including schedules and exhibits hereto, the Notes, the Fee Letters, the Collateral Documents, and each other agreement, instrument or document executed by the Borrower or any Guarantor at any time in connection with this Agreement and any amendments, modifications or supplements hereto or to any other Credit Document or waivers hereof or to any other Credit Document.

“Debt” means, in the case of any Person, without duplication, (i) indebtedness of such Person for borrowed money, (ii) obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) Capitalized Lease Obligations, and (iv) obligations of such Person under or relating to letters of credit or guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (iii) of this definition. For the purposes of this Agreement, the term Debt shall not include any obligation of the Borrower or a Guarantor incurred by entering into, or by guaranteeing, any transaction that is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, foreign exchange transaction, currency swap or option or any similar transaction.

“Debt to Cash Flow Ratio” has the meaning specified in Section 7.01(b).

“Default” has the meaning specified in Section 8.01.

“Defaulting Bank” means, subject to Section 2.18(b), any Bank that, as determined by the Administrative Agent, (a) has failed to perform any of its funding obligations hereunder, including in respect of its Advances within three Business Days of the date required to be funded by it hereunder unless such Bank notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Bank’s reasonable determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be

specifically identified in such writing) has not been satisfied, (b) has notified the Borrower, the Administrative Agent or any Bank that it does not intend to comply with its funding obligations or has made a public statement to that effect with respect to its funding obligations hereunder or under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by the Administrative Agent, to confirm in a manner satisfactory to the Administrative Agent that it will comply with its funding obligations (unless such writing or public statement relates to such Bank's obligation to fund an Advance hereunder and states that such position is based on such Bank's reasonable determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied) (provided that such Bank shall cease to be a Defaulting Bank pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, (ii) had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or a custodian appointed for it, (iii) or taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment or (iv) become the subject of a Bail-in Action; provided that a Bank shall not be a Defaulting Bank solely by virtue of the ownership or acquisition of any equity interest in that Bank or any direct or indirect parent company thereof by a governmental authority.

“Default Rate” has the meaning specified in Section 2.10(e).

“Dividing Person” has the meaning assigned to it in the definition of “Division.”

“Division” means the division of the assets, liabilities and/or obligations of a Person (the “Dividing Person”) among two or more Persons (whether pursuant to a “plan of division” or similar arrangement), which may or may not include the Dividing Person and pursuant to which the Dividing Person may or may not survive.

“Division Successor” means any Person that, upon the consummation of a Division of a Dividing Person, holds all or any portion of the assets, liabilities and/or obligations previously held by such Dividing Person immediately prior to the consummation of such Division. A Dividing Person which retains any of its assets, liabilities and/or obligations after a Division shall be deemed a Division Successor upon the occurrence of such Division.

“Dollar” and “\$” mean lawful money of the United States.

“Domestic Lending Office” means, with respect to any Bank, the office of such Bank specified as its “Domestic Lending Office” opposite its name on Schedule I hereto or in an Assignment or such other office of such Bank as such Bank may from time to time specify to the Borrower and the Administrative Agent.

“Domestic Subsidiary” means any Subsidiary that is organized under the laws of any political subdivision of the United States.

“EBIT” means for any period, the Consolidated earnings of a Person during such period from continuing operations, exclusive of (i) gains on sales of assets not in the ordinary course of business (to the extent such gains are included in earnings from continuing operations), (ii) any non-recurring, non-cash charges or losses not in the ordinary course of business (to the extent such charges or losses are included in earnings from continuing operations), (iii) any non-cash expenses for such period resulting from the grant of stock options or other equity-based incentives to any director, officer or employee of the Borrower or any Subsidiary pursuant to a written plan or agreement approved by the Board of the Borrower (to the extent such expenses are included in earnings from continuing operations) and (iv) extraordinary items, as determined under GAAP, but without deducting federal, state, foreign and local income taxes and Interest Expense; provided, however, any items (including, without limitations, any and all costs, expenses and losses) related to the Coronavirus (also known as COVID-19) pandemic shall not in any event constitute an extraordinary item or a non-recurring non-ordinary course item for purposes of this definition.

“EBITDA” means, for any period, the Consolidated earnings of a Person during such period from continuing operations, exclusive of (i) gains on sales of assets not in the ordinary course of business (to the extent such gains are included in earnings from continuing operations), (ii) any non-recurring, non-cash charges or losses not in the ordinary course of business (to the extent such charges or losses are included in earnings from continuing operations), (iii) any non-cash expenses for such period resulting from the grant of stock options or other equity-based incentives to any director, officer or employee of the Borrower or any Subsidiary pursuant to a written plan or agreement approved by the Board of the Borrower (to the extent such expenses are included in earnings from continuing operations) and (iv) extraordinary items, as determined under GAAP, but without deducting federal, state, foreign and local income taxes, Interest Expense, depreciation and amortization; provided, however, any items (including, without limitations, any and all costs, expenses and losses) related to the Coronavirus (also known as COVID-19) pandemic shall not in any event constitute an extraordinary item or a non-recurring non-ordinary course item for purposes of this definition.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Effective Date” means the date on which the conditions set forth in Section 3.01 and Section 3.02 shall have been satisfied (or waived in accordance with Section 10.01).

“Eligible Assignee” means (i) a Bank or any Affiliate of any Bank; (ii) a commercial bank or financial institution, in each case with an office in the United States of America acceptable to the Administrative Agent and, unless a Default has occurred and is continuing, the Borrower (such acceptance not to be unreasonably withheld and provided that the Borrower shall be deemed to have provided such acceptance unless it shall specify otherwise in a written notice to the Administrative Agent within five (5) Business Days after having received written notice of the proposed assignment from the Administrative Agent) and (iii) a finance company, insurance company or other financial institution (not already covered by clause (ii) of this definition) or fund (whether a corporation, partnership or other entity) which is engaged in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business, and having total assets in excess of \$1,000,000,000, or any other Person, and in the case of each such Person in this clause (iii), acceptable to the Administrative Agent and, unless a Default has occurred and is continuing, the Borrower (provided that the Borrower shall be deemed to have provided such acceptance unless it shall specify otherwise in a written notice to the Administrative Agent within five (5) Business Days after having received written notice of the proposed assignment from the Administrative Agent). Notwithstanding anything to the contrary contained herein, neither a Defaulting Bank, nor the Borrower or any Guarantor or any Affiliate of either thereof shall constitute an Eligible Assignee.

“Environment” has the meaning set forth in 42 U.S.C. §9601(8) (1982).

“Environmental Protection Statute” means any local, state or federal law, statute, regulation, order, consent decree or other Governmental Requirement, domestic or foreign, arising from or in connection with or relating to the protection or regulation of the Environment, including, without limitation, those laws, statutes, regulations, orders, decrees and other Governmental Requirements relating to the disposal, cleanup, production, storing, refining, handling, transferring, processing or transporting of Hazardous Waste, Hazardous Substances or any pollutant or contaminant, wherever located.

“Equal and Ratable Assets” means, collectively, (a) any Principal Property and (b) any shares of Capital Stock or Debt issued by any Restricted Subsidiary (which capitalized terms, for purposes of this definition, shall mean and refer to the defined terms included in the 2023 Notes Indenture and the 2024 Notes Indenture as in effect on the Fifth Amendment Effective Date).

“Equity Interests” means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“Eurocurrency Liabilities” has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

“Eurodollar Lending Office” means, with respect to any Bank, the office of such Bank specified as its “Eurodollar Lending Office” opposite its name on Schedule I hereto or in an Assignment (or, if no such office is specified, its Domestic Lending Office) or such other office of such Bank as such Bank may from time to time specify to the Borrower and the Administrative Agent.

“Eurodollar Rate” means:

- (a) for any Interest Period with respect to a Eurodollar Rate Loan, the rate per annum equal to the London Interbank Offered Rate as administered by ICE Benchmark Administration or any other Person that takes over the administration of such rate for U.S. Dollars for a period equal in length to such Interest Period (“LIBOR”) as published on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time in its reasonable discretion) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period;
- (b) for any interest calculation with respect to a Base Rate Loan on any date, the rate per annum equal to LIBOR, at or about 11:00 a.m., London time determined two London Banking Days prior to such date for U.S. Dollar deposits with a term of one month commencing that day; and
- (c) if the Eurodollar Rate shall be less than 0.75%, such rate shall be deemed to be 0.75% for purposes of this Agreement.

“Eurodollar Rate Advance” means any Advance as to which the Borrower shall have selected an interest rate based upon the Eurodollar Rate as provided in Article II.

“Eurodollar Rate Borrowing” means a Borrowing comprised of Eurodollar Rate Advances.

“Eurodollar Rate Reserve Percentage” of any Bank for any Interest Period for any Eurodollar Rate Advance means the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Bank with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

“Exchange Act” means the Securities Exchange Act of 1934.

“Excluded Assets” means (a) solely to the extent that the notes issued pursuant to the 2023 Notes Indenture remain outstanding, any Equal and Ratable Assets; (b) assets and personal property for which a pledge thereof or a security interest therein is prohibited by Applicable Law (including any legally effective requirement to obtain the consent of any Governmental Authority) after giving effect to the applicable anti-assignment clauses of the UCC and other Applicable Law, other than the proceeds and products thereof the assignment of which is expressly deemed effective under the UCC or other Applicable Law notwithstanding such prohibition; (c) (i) any “margin stock”; (ii) Equity Interests of any Person to the extent, and for so long as, the pledge of such Equity Interests would be prohibited by the terms of any applicable joint venture agreement or shareholders’ agreement applicable to such Person, after giving effect to the applicable anti-assignment clauses of the UCC and other Applicable Law; and (iii) solely to the extent reasonably determined by the Borrower and consented to by the Administrative Agent in writing that granting a security interest in such Equity Interests of such Subsidiaries would be reasonably likely to result in material adverse tax consequences to any Loan Party, voting Equity Interests in any Foreign Subsidiary in excess of 65% of the total issued and outstanding voting Equity Interests of such Subsidiaries; (d) any general intangible, permit, lease, license, contract (solely to the extent the counterparty of such lease or contract is not a Loan Party or any of their respective Affiliates) or other asset of such Loan Party to the extent the grant of a security interest in such asset in the manner contemplated by the Collateral Documents, under the terms thereof or under Applicable Law, is prohibited and would result in the termination thereof or give the other parties thereto the right to terminate, accelerate or otherwise alter such Loan Party’s rights, titles and interests thereunder (including upon the giving of notice or the lapse of time or both); provided, that, (i) any such limitation described in the foregoing clause (d) on the security interests granted pursuant to the Collateral Documents shall only apply to the extent that any such prohibition is not rendered ineffective pursuant to the UCC or other Applicable Law (including under any insolvency, bankruptcy, reorganization, receivership or other debtor relief law) or principles of equity, and (ii) in the event of the termination or elimination of any such prohibition or the requirement for any consent contained in any Applicable Law or asset (or document governing such asset), to the extent sufficient to permit any such item to become Collateral, or upon the granting of any such consent, or waiving or terminating any requirement for such consent, a security interest in such asset shall be automatically and simultaneously granted under the Collateral Documents and shall be included as Collateral; (e) any “intent-to-use” application for registration of a trademark of such Loan Party filed in the United States Patent and Trademark Office pursuant to Section 1(b) of the Lanham Act, 15 U.S.C. §1051, prior to the filing of a “Statement of Use” pursuant to Section 1(d) of the Lanham Act or an “Amendment to Allege Use” pursuant to Section 1(c) of the Lanham Act with respect thereto, solely to the extent, if any, that, and solely during the period, if any, in which the grant of a security interest therein would impair the validity or enforceability of any registration that issues from such intent-to-use application under applicable federal law; (f) any interests in real property; (g) solely to the extent reasonably determined by the Borrower and consented to by the Administrative Agent in writing that granting a security interest in such debt or receivables of such Subsidiaries would be reasonably likely to result in material adverse tax consequences to any Loan Party, any debt (including any (Debt) or receivables owed (or treated as owed for U.S. federal income tax purposes) by any Subsidiary of any Loan Party that is a Foreign Subsidiary (or any Subsidiary of any such Foreign Subsidiary) to the Borrower or any

other Loan Party; and (h) any other assets if and for so long as the Administrative Agent and the Borrower agree in writing that the cost of creating or perfecting pledges or security interests in such assets shall be excessive in view of the benefits to be obtained by the Secured Parties therefrom; provided that notwithstanding anything herein to the contrary, Excluded Assets shall not include any proceeds, replacements or substitutions of the foregoing property (unless such proceeds, replacements or substitutions otherwise constitute Excluded Assets).

“Excluded Subsidiary” means (a) any Subsidiary (including any regulated entity that is subject to net worth or net capital or similar capital and surplus restrictions) that is prohibited or restricted by Applicable Law or by a contractual obligation (solely to the extent the counterparty of such contractual obligation is not a Loan Party or any of their respective Affiliates) from providing a guaranty or if such guaranty would require governmental (including regulatory) or third party (other than any Loan Party or their respective Affiliates) consent, approval, license or authorization pursuant to such contractual obligation (unless such consent, approval, license or authorization has been obtained or is received after commercially reasonable efforts to obtain the same, which efforts may be requested by the Administrative Agent); (b) any Domestic Subsidiary that is not a Material Subsidiary; (c) any Real Property Holding Company; and (d) any Subsidiary with respect to which the Borrower and the Administrative Agent agree in writing that the burden or cost (including any adverse tax consequences to the Borrower or any of the Borrower’s Subsidiaries) of providing a guaranty will outweigh the benefits to be obtained by the Secured Parties therefrom.

“Excluded Swap Obligation” means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guaranteed Obligations of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any Guaranteed Obligations thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act at the time the Guaranteed Obligations of such Guarantor, or a grant by such Guarantor of a security interest, becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a Master Agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guaranteed Obligations or security interest is or becomes excluded in accordance with the first sentence of this definition.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to the Administrative Agent or any Bank or required to be withheld or deducted from a payment to the Administrative Agent or any Bank, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of the Administrative Agent or such Bank being organized under the laws of, or having its principal office or, in the case of any Bank, its Applicable Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Bank U.S. federal withholding Taxes imposed on amounts payable to or for the account of the Administrative Agent or any Bank with respect to an applicable interest in a Borrowing or Commitment pursuant to a law in effect on the date on which (i) such Bank acquires such interest in the Borrowing or Commitment (other than pursuant to an assignment request by the Borrower

under Section 2.13) or (ii) such Bank changes its Applicable Lending Office, except in each case to the extent that, pursuant to Section 2.15, amounts with respect to such Taxes were payable either to such Bank's assignor immediately before such Bank became a party hereto or to such Bank immediately before it changed its Applicable Lending Office, (c) Taxes attributable to the Administrative Agent's or such Bank's failure to comply with Section 2.15(e) and (d) any U.S. federal withholding Taxes imposed under FATCA.

"Existing Banks" has the meaning specified in the recitals hereto.

"Existing Commitment" has the meaning specified in Section 2.01(a).

"Existing Credit Agreement" has the meaning specified in the recitals hereto.

"Existing Revolving Facility" has the meaning specified in the recitals hereto.

"FASB ASC" means the Accounting Standards Codification of the Financial Accounting Standards Board.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities entered into in connection with the implementation of the foregoing.

"Federal Funds Rate" means, for any day, the rate per annum calculated by the Federal Reserve Bank of New York based on such day's federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the federal funds effective rate; provided that if the Federal Funds Rate as so determined would be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"Fee Letters" means, collectively, the Bank of America Fee Letter, the JPMCB Fee Letter, the Wells Fargo Fee Letter, the Upfront Fee Letter, the Third Amendment Fee Letter, Fourth Amendment Fee Letter and the Fifth Amendment Fee Letter.

"Fifth Amendment Effective Date" means March 31, 2020.

"Fifth Amendment Fee Letter" means the Fee Letter dated March 31, 2020 among the Borrower, Bank of America and BofA Securities, Inc.

"Financial Officer" means the chief financial officer, the principal accounting officer, any vice president or assistant vice president with accounting or financial responsibilities, or the treasurer or any assistant treasurer of the Borrower.

“Foreign Subsidiary” means a Subsidiary of the Borrower organized under the laws of a jurisdiction other than the United States of America.

“Fourth Amendment Effective Date” means December 5, 2019.

“Fourth Amendment Fee Letter” means the Fee Letter dated December 5, 2019 among the Borrower, Bank of America and BofA Securities, Inc.

“GAAP” means generally accepted accounting principles for financial reporting as in effect from time to time in the United States of America, applied on a consistent basis.

“Governmental Requirements” means all judgments, orders, writs, injunctions, decrees, awards, laws, ordinances, statutes, regulations, rules, Corporate Franchises, permits, certificates, licenses, authorizations and the like and any other requirements of any government or any commission, board, court, agency, instrumentality or political subdivision thereof.

“Guaranteed Obligations” means all obligations of the Borrower to the Banks and the Administrative Agent hereunder and under the Notes and any other Credit Document to which the Borrower is a party, whether for principal, interest, fees, expenses, indemnities or otherwise, and whether now or hereafter existing.

“Guarantor” has the meaning specified in the introduction hereto.

“Guarantor Joinder” has the meaning specified in Section 6.09.

“Hazardous Substance” has the meaning set forth in 42 U.S.C. §9601(14) and shall also include each other substance considered to be a hazardous substance under any Environmental Protection Statute.

“Hazardous Waste” has the meaning set forth in 42 U.S.C. §6903(5) and shall also include each other substance considered to be a hazardous waste under any Environmental Protection Statute (including, without limitation, 40 C.F.R. §261.3).

“Hedge Bank” means any Person that either (a) at the time it enters into a Swap Contract required or permitted under Article VI or VII, is the Administrative Agent, an Affiliate of the Administrative Agent, a Bank or an Affiliate of a Bank, (b) is a party to a Swap Contract required or permitted under Article VI or VII at the time it (or its applicable Affiliate) becomes a Bank (either on the Third Amendment Effective Date, prior to, or thereafter as an Eligible Assignee), or (c) prior to the time such Person became a Bank, an Affiliate of a Bank, Administrative Agent or an Affiliate thereof, such Person entered into a Swap Contract that was in effect on the Effective Date, in each case in its capacity as a party to such Swap Contract.

“Impacted Advances” has the meaning assigned to such term in Section 2.14(b).

“Increasing Bank” has the meaning specified in Section 2.17.

“Indemnified Person” has the meaning specified in Section 10.04(b).

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower hereunder and (b) to the extent not otherwise described in (a), Other Taxes.

“Insufficiency” means, with respect to any Plan, the amount, if any, by which the present value of the vested benefits under such Plan exceeds the fair market value of the assets of such Plan allocable to such benefits.

“Intellectual Property” means, collectively, all intellectual property of a Person, including, without limitation, (a) inventions, designs, patents, patent applications, copyrights, copyright applications, trademarks, trademark applications, service marks, trade secrets, confidential or proprietary information, customer list, know-how, software, and databases; (b) all embodiments or fixations thereof and all related documentation, applications, registrations and franchises; (c) all licenses or other rights to use any of the foregoing; and (d) all books and records relating to the foregoing.

“Interest Expense” means, with respect to any Person for any period of determination, its interest expense determined in accordance with GAAP, including, without limitation, all interest with respect to Capitalized Lease Obligations and all capitalized interest, but excluding deferred financing fees.

“Interest Payment Date” means, (i) (a) as to any Eurodollar Rate Advance, the last day of each Interest Period applicable to such Eurodollar Rate Advance and the Termination Date; provided, however, that if any Interest Period for a Eurodollar Rate Advance exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Advance, the last Business Day of each March, June, September and December and the Termination Date and (ii) as to any Advance, the earliest of (a) the Termination Date, (b) the date of demand therefor with respect to interest accruing under Section 2.07(b) and Section 2.10(e), and (c) the date of any prepayment of any Advance, whether or not such prepayment is otherwise permitted hereunder

“Interest Period” means as to each Eurodollar Rate Advance, the period commencing on the date such Eurodollar Rate Advance is disbursed or converted to or continued as a Eurodollar Rate Advance and ending on the date one (1), two (2), three (3) or six (6) months thereafter, as selected by the Borrower in its Notice of Borrowing; provided that:

- (a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Rate Advance, such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;
- (b) any Interest Period pertaining to a Eurodollar Rate Advance that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period;

- (c) no Interest Period shall extend beyond the Termination Date; and
- (d) Interest Periods commencing on the same date for Eurodollar Rate Advances comprising the same Borrowing shall be of the same duration.

Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of an Interest Period. The Administrative Agent shall promptly advise each Bank in writing of each Interest Period so selected by the Borrower with respect to each Borrowing.

“Investments” has the meaning specified in Section 7.07.

“JPMCB” means JPMorgan Chase Bank, N.A.

“JPMCB Fee Letter” means the Fee Letter dated August 19, 2016 among the Borrower, and JPMCB.

“Joint Lead Arrangers” means BofA Securities, Inc., JPMCB, Wells Fargo Securities, LLC, SunTrust Robinson Humphrey, Inc. and MUFG Bank, Ltd. (formerly known as The Bank of Tokyo-Mitsubishi UFJ, Ltd.), in their capacities as joint lead arrangers and bookrunners for the credit facility provided for herein.

“Laws” means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“LIBOR” has the meaning specified in the definition of Eurodollar Rate.

“LIBOR Screen Rate” means the LIBOR quote on the applicable screen page the Administrative Agent designates to determine LIBOR (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time).

“LIBOR Successor Rate” has the meaning specified in Section 2.14(d).

“LIBOR Successor Rate Conforming Changes” means, with respect to any proposed LIBOR Successor Rate, any conforming changes to the definition of Base Rate, Interest Period, timing and frequency of determining rates and making payments of interest and other technical, administrative or operational matters as may be appropriate, in the discretion of the Administrative Agent, in consultation with the Borrower, to reflect the adoption and implementation of such LIBOR Successor Rate and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such LIBOR Successor Rate exists, in such other manner of administration as the Administrative Agent determines is reasonably necessary in connection with the administration of this Agreement).

“Lien” means any mortgage, lien, pledge, charge, deed of trust, security interest, encumbrance or other type of preferential arrangement to secure or provide for the payment of any obligation of any Person, whether arising by contract, operation of law or otherwise (including, without limitation, the interest of a vendor or lessor under any conditional sale agreement, Capitalized Lease or other title retention agreement).

“Limitation Period” means the period commencing on the Fifth Amendment Effective Date and ending on the date the Borrower demonstrates compliance with each financial covenant set forth in Section 7.01 for the fiscal quarter ending September 23, 2020 by delivery of the financial statements pursuant to Section 6.02(b) and the certificate pursuant to Section 6.02(e) to the Administrative Agent no later than the due date specified therein.

“Liquid Investments” means:

- (a) direct obligations of, or obligations the principal of and interest on which are guaranteed or insured by, the United States of America or any agency or instrumentality thereof;
- (b) (i) negotiable or nonnegotiable certificates of deposit, time deposits, bankers’ acceptances or other similar banking arrangements maturing within twelve (12) months from the date of acquisition thereof (“bank debt securities”), issued by (A) any Bank or any Affiliate of any Bank or (B) any other foreign or domestic bank, trust company or financial institution which has a combined capital surplus and undivided profit of not less than \$100,000,000 or the U.S. Dollar equivalent thereof, if at the time of deposit or purchase, such bank debt securities are rated not less than “BB” (or the then equivalent) by the rating service of S&P or of Moody’s, (ii) commercial paper issued by (A) any Bank or any Affiliate of any Bank or (B) any other Person if at the time of purchase such commercial paper is rated not less than “A-2” (or the then equivalent) by the rating service of S&P or not less than “P-2” (or the then equivalent) by the rating service of Moody’s, or upon the discontinuance of both of such services, such other nationally recognized rating service or services, as the case may be, as shall be selected by the Borrower or a Guarantor, (iii) debt or other securities issued by (A) any Bank or Affiliate of any Bank or (B) or any other Person, if at the time of purchase such Person’s debt or equity securities are rated not less than “BB” (or the then equivalent) by the rating service of S&P or of Moody’s, or upon the discontinuance of both such services, such other nationally recognized rating service or services, as the case may be, as shall be selected by the Borrower or a Guarantor and (iv) marketable securities of a class registered pursuant to Section 12(b) or (g) of the Exchange Act;
- (c) repurchase agreements relating to investments described in clauses (a) and (b) above with a market value at least equal to the consideration paid in connection therewith, with any Person who has a combined capital surplus and undivided profit of not less than \$100,000,000 or the U.S. Dollar equivalent thereof, if at the time of entering into such agreement the debt securities of such Person are rated not less than “BBB” (or the then equivalent) by the rating service of S&P or of Moody’s, or upon

the discontinuance of both such services, such other nationally recognized rating service or services, as the case may be, as shall be selected by the Borrower or a Guarantor; and

- (d) shares of any mutual fund registered under the Investment Company Act of 1940 which invests solely in underlying securities of the types described in clauses (a), (b) and (c) above.

“Loan Party” means, collectively, the Borrower and each Guarantor.

“LOC Bank” means any Person that has issued (or issues) a performance or financial letter of credit for the account of any Loan Party or any Subsidiary of a Loan Party. For the avoidance of doubt (i) at any point that a Bank ceases to be a Bank then such Person (and any Affiliate of such Person) shall cease to be a LOC Bank and (ii) at such time the issuer of any performance or financial letter of credit for the account of the Borrower and/or any (or one or more) Subsidiary of the Borrower becomes a Bank (or becomes an Affiliate of a Bank) such Person shall automatically become a LOC Bank until such time that such Person (or Affiliate of such Person) ceases to be a Bank.

“London Banking Day” means any day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

“Majority Banks” means at any time Banks holding more than fifty percent (50%) of the sum of (i) the then aggregate unpaid principal amount of all Advances held by the Banks, and (ii) the aggregate unused Total Commitments; provided that any Commitment of, and the portion of any Advances held or deemed held by, any Defaulting Bank shall be excluded for purposes of making a determination of Majority Banks.

“Master Agreement” has the meaning specified in the definition of “Swap Contract”.

“Material Adverse Effect” means, relative to any occurrence whatsoever, any effect which (a) is material and adverse to the financial condition or business operations of the Borrower and its Subsidiaries, on a Consolidated basis, or (b) adversely affects the legality, validity or enforceability of this Agreement, any Note, the Bank of America Fee Letter, the JPMCB Fee Letter, the Wells Fargo Fee Letter or the Upfront Fee Letter or (c) causes a Default.

“Material Subsidiary” means, as of any date of determination, each Subsidiary of the Borrower (a) whose gross revenues for the trailing four consecutive fiscal quarter period (when taken together with the gross revenues of the Subsidiaries of such Subsidiary for such period) were equal to or greater than 2.0% of the consolidated gross revenues of the Borrower and the Subsidiaries for such Period, in each case determined in accordance with GAAP, (b) whose assets (including Equity Interests in other Subsidiaries) equal to or greater than 2.0% of the consolidated total assets of the Borrower and its Subsidiaries, in each case determined in accordance with GAAP, or (c) who owns or holds any material Intellectual Property; provided, however, that if at any time and from time to time after the date which is thirty (30) days after the Fifth Amendment Effective Date (or such longer period as the Administrative Agent may agree in its reasonable discretion), Domestic Subsidiaries that are not Loan Parties solely because they do not meet the threshold set forth in the

preceding clause (a), (b) or (c), comprise in the aggregate more than (when taken together with the gross revenues of the Subsidiaries of such Subsidiaries for the relevant period) (x) 10.0% of the consolidated gross revenues of the Borrower and the Subsidiaries or (y) 10.0% of the consolidated total assets (including Equity Interests in other Subsidiaries) of the Borrower and the Subsidiaries for such period, then the Borrower shall, not later than sixty (60) days after the date by which financial statements for such period were required to be delivered pursuant to this Agreement (or such longer period as the Administrative Agent may agree in its reasonable discretion), (i) designate in writing to the Administrative Agent one or more such Domestic Subsidiaries as “Material Subsidiaries” to the extent required such that the foregoing condition ceases to be true and (ii) comply with the provisions of Section 6.11 with respect to any such Subsidiaries (to the extent applicable).

“Maximum Rate” means at the particular time in question the maximum non-usurious rate of interest which, under Applicable Usury Law, may then be contracted for, taken, reserved, charged or received under this Agreement, the Notes or under any other agreement entered into in connection with this Agreement or the Notes. If such maximum non-usurious rate of interest changes after the date hereof, the Maximum Rate shall, from time to time, be automatically increased or decreased, as the case may be, as of the effective date of each change in such maximum rate, in each case without notice to Borrower.

“Moody’s” means Moody’s Investors Service, Inc., and any successor thereto.

“Moody’s Rating” means, at any time, the Borrower’s senior unsecured indebtedness rating then most recently announced by Moody’s.

“Non-U.S. Bank” has the meaning specified in Section 2.15(e).

“Notes” means a promissory note of the Borrower payable to the order of any Bank, in substantially the form of Exhibit A hereto, evidencing the aggregate indebtedness of the Borrower to such Bank resulting from Advances.

“Notice of Borrowing” has the meaning specified in Section 2.02.

“Notice of Prepayment” means a notice of prepayment with respect to an Advance, which shall be substantially in the form of Exhibit F or such other form as may be approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer.

“Obligated Party” has the meaning specified in Section 4.03.

“Obligations” means all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Credit Document or otherwise with respect to any Advance, Secured Cash Management Agreement, Secured Hedge Agreement or Secured Bilateral Letter of Credit whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue

after the commencement by or against any Loan Party of any proceeding under any law relating to bankruptcy, insolvency or reorganization or relief of debtors naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding; provided, however, that the “Obligations” of a Loan Party shall exclude any Excluded Swap Obligations with respect to such Loan Party. Without limiting the foregoing, the Obligations include the obligation to pay principal, interest, Secured Bilateral Letter of Credit commissions, charges, expenses, fees, indemnities and other amounts payable by any Loan Party under any Credit Document.

“Organization Documents” means, (a) with respect to any corporation, the charter or certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating or limited liability agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable governmental authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

“Other Connection Taxes” means, with respect to the Administrative Agent or any Bank, Taxes imposed as a result of a present or former connection between such Administrative Agent or Bank and the jurisdiction imposing such Tax (other than connections arising from such Administrative Agent or Bank having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any provision hereof, or sold or assigned an interest in any Advance or Borrowing or in this Agreement or any Note or other Credit Document).

“Other Taxes” has the meaning specified in Section 2.15(b).

“PBGC” means the Pension Benefit Guaranty Corporation (and any successor thereto).

“Patriot Act” means the USA Patriot Act, Title III of Pub. L. 107-56, signed into law on October 26, 2001.

“Participant Register” has the meaning specified in Section 10.06(e).

“Permitted Liens” means, with respect to any Person, Liens:

- (a) for taxes, assessments or governmental charges or levies on property of such Person incurred in the ordinary course of business to the extent the failure to pay such taxes, assessments or governmental charges or levies would not be in breach of Sections 6.01 and 6.06;
- (b) imposed by law, such as landlords’, carriers’, warehousemen’s and mechanics’ liens and other similar Liens arising in the ordinary course of business securing obligations

which are not overdue for a period of more than sixty (60) days or which are being contested in good faith and by appropriate proceedings;

- (c) arising in the ordinary course of business (i) out of pledges or deposits under workers' compensation laws, unemployment insurance, old age pensions or other social security or retirement benefits, or similar legislation or to secure public or statutory obligations of such Person or (ii) which were not incurred in connection with the borrowing of money and do not in the aggregate materially detract from the value or use of the assets of the Borrower and its Subsidiaries in the operation of their business;
- (d) securing Debt existing on the Fifth Amendment Effective Date and listed on the attached Schedule III or reflected in the financial statements referenced in Section 5.04, provided that the Debt secured by such Liens shall not be renewed, refinanced or extended if the amount of such Debt so renewed is greater than the outstanding amount of such Debt on the Fifth Amendment Effective Date ;
- (e) constituting easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business and encumbrances consisting of zoning restrictions, easements, licenses, restrictions on the use of property or minor imperfections in title thereto which, in the aggregate, are not material in amount, and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of such Person;
- (f) securing judgments against such Person which are being appealed;
- (g) on real property acquired by such Person after the Second Amendment Effective Date and securing only Debt of such Person incurred to finance the purchase price of such property, provided that any such Lien is created within one hundred eighty (180) days of the acquisition of such property;
- (h) other than those Liens otherwise permitted above, Liens securing Debt of the Borrower and its Subsidiaries in an aggregate outstanding amount at any time not to exceed \$25,000,000;
- (i) Liens existing on property owned by a Person whose Equity Interests, or all or substantially all of whose assets, were acquired by the Borrower or one of its Subsidiaries after the Second Amendment Effective Date at the time of such acquisition; provided that such Liens are not created in connection with or in contemplation of such acquisition and do not attach to any other assets or assets of any other Person, as applicable;
- (j) Liens granted pursuant to the terms of the Credit Documents;

- (k) Liens granted in cash collateral (including any associated deposit or securities accounts) to secure obligations incurred in connection with the issuance of letters of credit, bank guaranties, bankers acceptances and similar instruments; or
- (l) Liens granted in Principal Properties to secure obligations incurred in connection with Sale-Leaseback Transactions otherwise permitted to be consummated in accordance with the terms of this Agreement.

Notwithstanding anything herein to the contrary, no Loan Party or any of its Subsidiaries shall create, assume, incur or suffer to exist, any Lien on or in respect of any of its Intellectual Property or any of its Principal Properties, in each case, except as permitted under this Agreement.

“Person” means an individual, partnership, corporation, limited liability company, limited liability partnership, business trust, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

“Platform” has the meaning specified in Section 6.02.

“Plan” means an employee pension benefit plan within the meaning of Title IV of ERISA which is either (a) maintained for employees of the Borrower, of any Subsidiary of the Borrower, or of any member of the Controlled Group, or (b) maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which the Borrower, any Subsidiary of the Borrower or any member of the Controlled Group is at the time in question making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

“Pledged Debt” means all of the payment and other rights with respect to Debt that is or is intended under the terms of the Collateral Documents to be subject to Liens in favor of the Administrative Agent for the benefit of the Secured Parties.

“Pledged Equity” means all of the Equity Interests that is or is intended under the terms of the Collateral Documents to be subject to Liens in favor of the Administrative Agent for the benefit of the Secured Parties.

“Principal Property” means all restaurant or related equipment and real property, in each case which is owned by the Borrower or a Subsidiary and which constitutes all or part of any restaurant located within the United States or Canada.

“Private Bank” has the meaning specified in Section 6.02.

“Projections” has the meaning specified in Section 5.13.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Public Bank” has the meaning specified in Section 6.02.

“Qualified ECP Guarantor” shall mean, at any time, each Loan Party with total assets exceeding \$10,000,000 or that qualifies at such time as an “eligible contract participant” under the Commodity Exchange Act and can cause another person to qualify as an “eligible contract participant” at such time under §1a(18)(A)(v)(II) of the Commodity Exchange Act.

“Rating” means the Moody’s Rating or the S&P Rating, as the case may be.

“Rating Level” means the applicable rating level as set forth in the table under the definition of the Applicable Rate.

“Real Property Holding Company” means any Subsidiary of the Borrower designated as such by the Borrower in a writing delivered to the Administrative Agent, which writing shall include a certification that the principal business of such Subsidiary consists of owning, leasing, dealing in or developing real property.

“Register” has the meaning specified in Section 10.06(c).

“Regulation U” means Regulation U of the FRB, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors, consultants, service providers and representatives of such Person and of such Person’s Affiliates.

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York for the purpose of recommending a benchmark rate to replace LIBOR in loan agreements similar to this Agreement.

“Rent Expense” means, for any Person for any period of determination, such Person’s operating lease expense computed in accordance with GAAP, including, without limitation, all contingent rentals, but excluding all common area maintenance expenses.

“Responsible Officer” means the chief executive officer, the president, the chief financial officer, any executive, senior or other vice president, treasurer, assistant treasurer or controller of a Loan Party, and solely for purposes of the delivery of incumbency certificates pursuant to Section 4.01, the secretary or any assistant secretary of a Loan Party and, solely for purposes of notices given pursuant to Article II, any other officer or employee of the applicable Loan Party so designated by any of the foregoing officers in a notice to the Administrative Agent or any other officer or employee of the applicable Loan Party designated in or pursuant to an agreement between the applicable Loan Party and the Administrative Agent. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any capital stock or other Equity Interest of the Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such capital stock or other Equity Interest, or on account of any return of capital to the Borrower’s stockholders, partners or members (or the equivalent Person thereof).

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution a UK Resolution Authority.

“Sale-Leaseback Transactions” has the meaning specified in Section 7.03(c).

“Sanctioned Country” means, at any time, a country, territory or region which is itself, or whose government is, the subject or target of any applicable full-scope Sanctions (at the date of this Agreement, Cuba, Iran, North Korea, Sudan, Syria and Crimea).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or by the United Nations Security Council, the European Union or any European Union member state, Her Majesty’s Treasury of the United Kingdom or other relevant sanctions authority (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person 50% or more owned by any such Person or Persons described in clause (a) and (b).

“Sanctions” means applicable economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State or (b) the United Nations Security Council, the European Union, Her Majesty’s Treasury of the United Kingdom or other relevant sanctions authority.

“SEC” means the United States Securities and Exchange Commission (and any successor thereto).

“SEC Filing” means a report or statement filed with the SEC pursuant to Section 13, 14, or 15(d) of the Exchange Act and the regulations thereunder.

“Second Amendment” means that certain Second Amendment to Credit Agreement, dated as of September 13, 2016, by and among the Borrower, the Guarantors party thereto, the Banks party thereto and the Administrative Agent.

“Second Amendment Effective Date” means the date on which the conditions set forth in Section 3 of the Second Amendment shall have been satisfied (or waived in accordance with Section 10.01).

“Secured Bilateral Letter of Credit” means any performance or financial letter of credit that is issued by a LOC Bank for the account of any Loan Party or any Subsidiary of a Loan Party;

provided that the aggregate amount of all such Secured Bilateral Letters of Credit shall not exceed \$35,000,000.

“Secured Cash Management Agreement” means any Cash Management Agreement that is entered into by and between any Loan Party or any Subsidiary of a Loan Party and any Cash Management Bank.

“Secured Hedge Agreement” means any Swap Contract required or permitted under Article VI or VII that is entered into by and between any Loan Party or any Subsidiary of a Loan Party and any Hedge Bank.

“Secured Parties” means, collectively, the Administrative Agent, the Banks, the Hedge Banks, the Cash Management Banks, the LOC Banks, each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 9.01, and the other Persons the Obligations owing to which are or are purported to be secured by the Collateral under the terms of the Collateral Documents.

“Security Agreement” has the meaning specified in Section 6.10.

“Significant Subsidiary” means any Subsidiary which is a “significant subsidiary” of the Borrower within the meaning of Rule 1-02 of Regulation S-X under the Exchange Act.

“SOFR” with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark (or a successor administrator) on the Federal Reserve Bank of New York’s website (or any successor source) and, in each case, that has been selected or recommended by the Relevant Governmental Body.

“SOFR-Based Rate” means SOFR or Term SOFR.

“Solvent” means, with respect to any Person, that, as of any date of determination, (a) the amount of the present fair saleable value of the assets of such Person will, as of such date, exceed the amount of all liabilities of such Person, contingent or otherwise, as of such date, as such terms are determined in accordance with applicable federal and state laws governing determinations of the insolvency of debtors, (b) the present fair saleable value of the assets of such Person will, as of such date, be greater than the amount that will be required to pay the liability of such Person on its debts as such debts become absolute and matured, (c) such Person will not have, as of such date, an unreasonably small capital with which to conduct its business, and (d) such Person will be able to pay its debts as they mature. For purposes of this definition, (i) “debt” means liability on a “claim”, and (ii) “claim” means any (x) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured or (y) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured or unmatured, disputed, undisputed, secured or unsecured.

“Specified Loan Party” means any Loan Party that is not an “eligible contract participant” under the Commodity Exchange Act (determined prior to giving effect to Section 1).

“S&P” means Standard & Poor’s Financial Services LLC, a subsidiary of S&P Global Inc., and any successor thereto.

“S&P Rating” means, at any time, the Borrower’s corporate credit rating then most recently announced by S&P.

“Subsidiary” means, as to any Person, any corporation, limited liability company, association or other business entity in which such Person or one or more of its Subsidiaries directly or indirectly through one or more intermediaries owns sufficient equity or voting interests to enable it or them (individually or as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such entity, and any partnership or joint venture if more than a fifty percent (50%) interest in the profits or capital thereof is owned directly or indirectly by such Person, or by one or more of its Subsidiaries, or collectively by such Person and one or more of its Subsidiaries (unless such partnership can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a “Subsidiary” is a reference to a direct or indirect Subsidiary of the Borrower.

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement; provided, however, “Swap Contracts” shall not include any equity based derivative or similar transaction whether documented pursuant to a Master Agreement or otherwise.

“Swap Obligation” means with respect to any Guarantor any obligation to pay or perform under any agreement, contract or transaction that constitutes

“Taxes” has the meaning specified in Section 2.15(a).

“Termination Date” means the earliest of (i) September 12, 2021, (ii) (a) the date of termination in whole of all of the Commitments in accordance with Section 2.05 and (b) the repayment of all of the aggregate Advances of all Banks in accordance with Section 2.05 and Section

2.06, and (iii) the termination of the Total Commitment of all Banks pursuant to Section 8.01, provided that if such date shall not be a Business Day, the Termination Date shall be the immediately preceding Business Day.

“Termination Event” means (i) a “reportable event”, as such term is described in Section 4043 of ERISA (other than a “reportable event” not subject to the provision for 30 day notice to the PBGC), or an event described in Section 4062(e) of ERISA, or (ii) the withdrawal of the Borrower or any member of the Controlled Group from a Plan during a plan year in which it was a “substantial employer”, as such term is defined in Section 4001(a)(2) of ERISA, or the incurrence of liability by the Borrower or any member of the Controlled Group under Section 4064 of ERISA upon the termination of a Plan or Plan, or (iii) the distribution of a notice of intent to terminate a Plan pursuant to Section 4041(a)(2) of ERISA or the treatment of a Plan amendment as a termination under Section 4041 of ERISA, or (iv) the institution of proceedings to terminate a Plan by the PBGC under Section 4042 of ERISA, or (v) any other event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan.

“Third Amendment Effective Date” means April 30, 2018.

“Third Amendment Fee Letter” means the Fee Letter dated April 30, 2018 among the Borrower, Bank of America and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

“Third Party Funds” has the meaning specified in Section 10.05.

“Total Commitment” means, with respect to a Bank, at any time, the aggregate amount of the Commitments (whether used or unused) of such Bank, and with respect to all the Banks, at any time, the aggregate amount of the Commitments (whether used or unused) of all Banks, in each case, as in effect at such time.

“Type” means, with respect to any Advance, its character as either a Eurodollar Rate Advance or Base Rate Advance.

“UCC” means the Uniform Commercial Code of any applicable jurisdiction and, if the applicable jurisdiction shall not have any Uniform Commercial Code, the Uniform Commercial Code as in effect from time to time in the State of Texas.

“UFCA” means the Uniform Fraudulent Conveyance Act.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“United States” means the United States of America.

“Upfront Fee Letter” means the Fee Letter dated August 19, 2016 among the Borrower, Bank of America, JPMCB, Wells Fargo Bank and the Joint Lead Arrangers.

“UFTA” means the Uniform Fraudulent Transfer Act.

“U.S. Dollars” and “\$” mean the lawful currency of the United States of America.

“Wells Fargo Fee Letter” means the Fee Letter dated August 19, 2016 between the Borrower and Wells Fargo Securities, LLC.

“Wells Fargo Bank” means Wells Fargo Bank, National Association.

“Write-Down and Conversion Powers” means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers

Section 1.02. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each means “to but excluding.”

Section 1.03. Accounting Terms. All accounting and financial terms not specifically defined herein and the compliance with each covenant contained herein with respect to financial matters (unless a different procedure is otherwise set forth herein) shall be construed in accordance with GAAP. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Debt of the Borrower and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded. If subsequent to the date hereof any change shall occur in GAAP or in the application thereof and such change shall affect the calculation of any financial covenant, or any other provision, set forth herein, then if the Borrower, by notice to the Administrative Agent, shall request an amendment to any such financial covenant or other provision to eliminate the effect of such change on such financial covenant or other provision (or if the Administrative Agent or the Majority Banks, by notice to the Borrower, shall request

an amendment to any such financial covenant or other provision for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then the parties hereto shall enter into negotiations in an effort to agree upon such an amendment and, until such notice shall have been withdrawn or such amendment shall have become effective in accordance herewith, such financial covenant or other provision shall be calculated or interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective.

Without limiting the foregoing, leases shall continue to be, for all purposes of this Agreement, classified and accounted for on a basis consistent with that reflected in the audited financial statements of the Borrower last delivered to the Administrative Agent prior to the Third Amendment Effective Date, notwithstanding any change in GAAP relating thereto, unless the parties hereto shall enter into a mutually acceptable amendment addressing such changes, as provided for above.

Section 1.04. Miscellaneous. The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Article, Section, Schedule and Exhibit references are to Articles and Sections of and Schedules and Exhibits to this Agreement, unless otherwise specified. Unless the context requires otherwise, references herein or in any Credit Document or any other agreement or document to this Agreement shall be construed to refer to this Agreement as may be further amended, amended and restated, restated, supplemented or modified from time to time in accordance with the terms hereof.

Section 1.05. Other Interpretive Provisions. With reference to this Agreement and each other Credit Document, unless otherwise specified herein or in such other Credit Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” The word “or” is used in the inclusive sense of “and/or.” Unless the context requires otherwise, (a) any definition of or reference to any agreement, instrument or other document (including any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Credit Document), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “hereto,” “herein,” “hereof” and “hereunder,” and words of similar import when used in any Credit Document, shall be construed to refer to such Credit Document in its entirety and not to any particular provision thereof, (d) all references in a Credit Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Credit Document in which such references appear, (e) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (f) the words “asset” and

“property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) Section headings herein and in the other Credit Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Credit Document.

(c) Any reference herein to a merger, transfer, consolidation, amalgamation, consolidation, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a division of or by a limited liability company, or an allocation of assets to a series of a limited liability company (or the unwinding of such a division or allocation), as if it were a merger, transfer, consolidation, amalgamation, consolidation, assignment, sale, disposition or transfer, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company shall constitute a separate Person hereunder (and each division of any limited liability company that is a Subsidiary, joint venture or any other like term shall also constitute such a Person or entity).

Section 1.06. Interest Rates. The Administrative Agent does not warrant, nor accept responsibility, nor shall the Administrative Agent have any liability with respect to the administration, submission or any other matter related to the rates in the definition of “Eurodollar Rate” or with respect to any rate that is an alternative or replacement for or successor to any of such rate (including, without limitation, any LIBOR Successor Rate) or the effect of any of the foregoing, or of any LIBOR Successor Rate Conforming Changes.

ARTICLE II.

AMOUNTS AND TERMS OF THE ADVANCES

Section 2.01. The Advances. Each Bank, severally and for itself alone, on the terms and conditions hereinafter set forth, hereby agrees to make Advances to the Borrower from time to time, on any Business Day during the Availability Period, in an aggregate amount outstanding not to exceed at any time such Bank’s Commitment. Notwithstanding anything herein to the contrary, at all times during the Limitation Period, the aggregate principal amount of Advances outstanding hereunder at any time shall not exceed \$800,000,000. Each Borrowing of Advances shall be in an aggregate amount of not less than \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof, and shall consist of Advances of the same Type made to the Borrower on the same day by the Banks ratably according to their respective Commitments and in the case of Advances that are Eurodollar Rate Advances, having the same Interest Period. Within the limits of each Bank’s Commitment, the Borrower may borrow, prepay pursuant to Section 2.06(b) and reborrow.

Section 2.02. Requests for Advances. During the applicable Availability Period, each Borrowing shall be made on notice, given not later than 11:00 A.M. (New York City time) (a) in the case of a proposed Borrowing comprised of Eurodollar Rate Advances, at least three (3) Business Days prior to the date of the proposed Borrowing, and (b) in the case of a proposed Borrowing comprised of Base Rate Advances, on the Business Day of the proposed Borrowing, by the Borrower to the Administrative Agent, which shall give to each Bank prompt

notice thereof by telecopy. Each such notice of a Borrowing (a “Notice of Borrowing”) shall be in writing (including by telecopy), in substantially the form of Exhibit B hereto or such other form as may be approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer of the Borrower. Each Notice of Borrowing shall refer to this Agreement and shall specify (i) the requested date of such Borrowing (which shall be a Business Day), (ii) the requested Type of Advances comprising such Borrowing, (iii) the requested aggregate principal amount of such Borrowing, and (iv) in the case of a Borrowing of a Eurodollar Rate Advance, the requested Interest Period for such Borrowing.

Section 2.03. Borrowings; Advances; Termination of Eurodollar Rate Advances.

(a) Advances shall be made as part of a Borrowing consisting of Advances of the same Type made by the applicable Banks ratably in accordance with their respective Commitments on the borrowing date of the Borrowing of Advances. The failure of any Bank to make any Advance shall not in itself relieve any other Bank of its obligation to lend hereunder.

(b) Each Borrowing shall be a Eurodollar Rate Borrowing or a Base Rate Borrowing. Each Bank may at its option make any Eurodollar Rate Advance by causing the Eurodollar Lending Office of such Bank to make such Advance, provided, however, that any exercise of such option shall not affect the obligation of the Borrower to repay such Advance in accordance with the terms of this Agreement and the applicable Note, if any. Advances of more than one (1) interest rate option may be outstanding at the same time, provided, however, that the Borrower shall not be entitled to request any Advances which, if made, would result in Advances, an aggregate of more than ten (10) separate Advances of any Bank being outstanding hereunder at any one time. For purposes of the foregoing, (i) Eurodollar Rate Advances having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Eurodollar Rate Advances and (ii) Eurodollar Rate Advances and Base Rate Advances, regardless of whether they commence on the same date, shall be considered separate Advances.

(c) Each Bank shall, before 1:00 P.M. (New York City time) on the borrowing date of each requested Borrowing make available at its Applicable Lending Office for the account of the Administrative Agent at its address referred to in Section 10.02, in immediately available funds, such Bank’s ratable portion of such requested Borrowing in accordance with its applicable Commitment. After the Administrative Agent’s receipt of such funds and upon satisfaction of the applicable conditions set forth in Article III, the Administrative Agent will make such funds so received available to the Borrower in like funds as received by the Administrative Agent not later than 2:00 P.M. (New York City time) either by (i) crediting the account of the Borrower on the books of Bank of America with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the Borrower at such account of the Borrower maintained at one of the Banks as the Borrower shall from time to time designate in a notice delivered to the Administrative Agent that is reasonably acceptable to the Administrative Agent. If the applicable conditions set forth in

Article III to any such Borrowing are not met, the Administrative Agent shall so notify the Banks making the Advances comprising such Borrowing and return the funds so received to the respective Banks as soon as practicable.

(d) Notwithstanding anything in this Agreement to the contrary:

(i) if any Bank shall, at least one (1) Business Day before the date of any requested Borrowing to be made, notify the Administrative Agent that the introduction of or any change in or the interpretation of any Law or regulation makes it unlawful, or that any central bank or other governmental authority asserts that it is unlawful, for such Bank or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund Eurodollar Rate Advances hereunder, the right of the Borrower to select Eurodollar Rate Advances for such Borrowing or any subsequent Borrowing shall be suspended until such Bank shall notify the Administrative Agent that the circumstances causing such suspension no longer exist, and except as provided in clause (iv) below, each Advance comprising such Borrowing shall be a Base Rate Advance;

(ii) if the Majority Banks shall, on or before the date any requested Borrowing consisting of Eurodollar Rate Advances is to be made, notify the Administrative Agent that the Eurodollar Rate for such Eurodollar Rate Advances will not adequately reflect the cost to such Banks of making their respective Eurodollar Rate Advances, the right of the Borrower to select the Eurodollar Rate for such Borrowing or any subsequent Borrowing shall be suspended until the Administrative Agent, at the request of the Majority Banks, shall notify the Borrower and the Banks that the circumstances causing such suspension no longer exist, and except as provided in clause (iv) below, each Advance comprising such Borrowing shall be a Base Rate Advance;

(iii) if the Administrative Agent determines that in connection with any request for a Eurodollar Rate Advance or a conversion to or continuation thereof that Dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Interest Period of such Eurodollar Rate Advances or (b) adequate and reasonable means do not exist for determining the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Advance or in connection with an existing or proposed Base Rate Advance, (A) the Administrative Agent shall forthwith notify the Borrower and the Banks that the interest rate cannot be determined for such Eurodollar Rate Advances, (B) the right of the Borrower to select Eurodollar Rate Advances for such Borrowing or any subsequent Borrowing shall be suspended until the Administrative Agent shall notify the Borrower and the Banks that the circumstances causing such suspension no longer exist, and (C) each Advance comprising such Borrowings shall be a Base Rate Advance;

(iv) if the Borrower has requested a proposed Borrowing consisting of Eurodollar Rate Advances and as a result of circumstances referred to in clauses (i) and (ii) above, such Borrowing would not consist of Eurodollar Rate Advances, the Borrower may, by notice given reasonably prior to the time of such proposed Borrowing, cancel such

Borrowing, in which case such Borrowing shall be canceled and no Advances shall be made as a result of such requested Borrowing; and

(v) if the Borrower shall fail to select the duration or continuation of any Interest Period for any Advances consisting of Eurodollar Rate Advances, in accordance with the provisions contained in Section 2.04(b) and in this Section 2.03(d), the Administrative Agent will promptly so notify the Borrower and the Banks and such Advances will be made available to the Borrower on the date of such Borrowing as Base Rate Advances.

(e) Each Notice of a Borrowing shall be irrevocable and binding on the Borrower, except as set forth in Section 2.03(d) (ix). In the case of any Eurodollar Rate Advance requested by the Borrower in a Notice of Borrowing, the Borrower shall, unless the second following sentence shall be applicable, indemnify each Bank against any loss, cost or expense incurred by such Bank if such Eurodollar Rate Advance is not made, including as a result of any failure to fulfill, on or before the date specified in such Notice of Borrowing for such Borrowing, the applicable conditions set forth in Article III, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Bank to fund such Advance to be made by such Bank as part of such Borrowing when such Advance, as a result of such failure, is not made on such date. A certificate in reasonable detail as to the basis for and the amount of such loss, cost or expense submitted to the Borrower and the Administrative Agent by such Bank shall be prima facie evidence of the amount of such loss, cost or expense. If a Borrowing requested by the Borrower to be comprised of Eurodollar Rate Advances is not made as a Borrowing comprised of Eurodollar Rate Advances as a result of Section 2.03(d), the Borrower shall indemnify each Bank against any loss (excluding loss of profits), cost or expense incurred by such Bank by reason of the liquidation or reemployment of deposits or other funds acquired by such Bank (prior to the time such Bank is actually aware that such Borrowing will not be so made), to fund the Advance to be made by such Bank as part of such Borrowing. A certificate in reasonable detail as to the basis for and the amount of such loss, cost or expense submitted to the Borrower and the Administrative Agent by such Bank shall be prima facie evidence of the amount of such loss, cost or expense.

(f) Unless the Administrative Agent shall have received notice from a Bank prior to the date of any Borrowing that such Bank will not make available to the Administrative Agent such Bank's ratable portion of such Borrowing in accordance with its applicable Commitment, the Administrative Agent may assume that such Bank has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with Section 2.02 and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower requesting such Borrowing on such date a corresponding amount. If, and to the extent that, such Bank shall not have so made such ratable portion of such Borrowing in accordance with its applicable Commitment available to the Administrative Agent, such Bank and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to Advances comprising such Borrowing and (ii) in the case of such Bank, the greater of the Federal Funds Rate and a rate determined by the Administrative

Agent in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Administrative Agent in connection with the foregoing. If such Bank shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Bank's Advance as part of such Borrowing for purposes of this Agreement.

(g) The failure of any Bank to make any Advance to be made by it as part of any Borrowing shall not relieve any other Bank of its obligation, if any, hereunder to make its Advance on the date of such Borrowing, but no Bank shall be responsible for the failure of any other Bank to make any Advance to be made by such other Bank on the date of any Borrowing.

Section 2.04. Conversions and Continuations of Borrowings. (1) Subject to the limitations set forth in Section 2.03(b) and Section 2.03(d), the Borrower shall have the right at any time upon prior irrevocable notice to the Administrative Agent not later than 11:00 A.M. (New York City time) three (3) Business Days prior to the date of conversion or continuation, to convert any Borrowing which constitutes a Base Rate Borrowing into a Eurodollar Rate Borrowing, to convert any Borrowing which constitutes a Eurodollar Rate Borrowing into a Base Rate Borrowing or, to continue any Borrowing constituting a Eurodollar Rate Borrowing for an additional Interest Period, subject in each case to the following:

(A) each conversion or continuation shall be made based on the pro rata Commitment of the Banks in accordance with the respective principal amounts of the applicable Advances comprising the converted or continued Borrowing;

(B) if less than all the outstanding principal amount of any Borrowing shall be converted or continued, the aggregate principal amount of such Borrowing converted or continued shall be in an amount of \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof;

(C) accrued interest on any Advance (or portion thereof) being converted or continued shall be paid by the Borrower at the time of conversion or continuation;

(D) if any Eurodollar Rate Borrowing is converted at a time other than the end of the Interest Period applicable thereto, the Borrower shall pay, upon demand, any amounts due to the Banks pursuant to Section 2.03(e) and Section 2.06(d) as a result of such conversion;

(E) no Interest Period may be selected for any Eurodollar Rate Borrowing that would end later than the applicable Termination Date;

(F) no Default shall have occurred and be continuing at the time of, or result from, such conversion or continuation; and

(G) each such conversion or continuation shall constitute a representation and warranty by the Borrower and the Guarantors that no Default (i) has occurred

and is continuing at the time of such conversion or continuation, or (ii) would result from such conversion or continuation.

(b) Each notice pursuant to Section 2.04(a) shall be irrevocable, shall be in writing (or telephone notice promptly confirmed in writing) and shall refer to this Agreement and specify (i) the identity and amount of the Borrowing that the Borrower requests be converted or continued, (ii) whether such Borrowing is to be converted to or continued as a Eurodollar Rate Borrowing or a Base Rate Borrowing, (iii) if such notice requests a conversion, the date of such conversion (which shall be a Business Day) and (iv) if such Borrowing is to be converted to or continued as a Eurodollar Rate Borrowing, the Interest Period with respect thereto. If no Interest Period is specified in any such notice with respect to any conversion to or continuation as a Eurodollar Rate Borrowing, the Borrower shall be deemed to have selected an Interest Period of one (1) month's duration. The Administrative Agent shall promptly advise the Banks of any notice given pursuant to Section 2.04(a) and of each applicable Bank's portion of any converted or continued Borrowing. If the Borrower shall not have given notice in accordance with Section 2.04(a) to continue any Eurodollar Rate Borrowing into a subsequent Interest Period (and shall not otherwise have given notice in accordance with Section 2.04(a) to convert such Eurodollar Rate Borrowing), such Eurodollar Rate Borrowing shall, at the end of the Interest Period applicable thereto (unless repaid pursuant to the terms hereof), automatically be continued as a Base Rate Borrowing. For the avoidance of doubt, no notice shall be required for a Base Rate Borrowing to continue as a Base Rate Borrowing.

Section 2.05. Optional Termination and Reduction of the Commitments. The Borrower shall have the right, upon at least three (3) Business Days' notice to the Administrative Agent, to terminate in whole or reduce in part the unused portions of the Total Commitments, provided that (a) each partial reduction shall be in the aggregate amount of at least \$10,000,000 and in an integral multiple of \$1,000,000 in excess thereof, (b) the aggregate used amount of the Commitments of each Bank shall not be reduced to an amount which is less than the aggregate principal amount of the Advances of such Bank then outstanding, and (c) no Notice of Borrowing has been delivered and is in effect that would result in aggregate Advances being outstanding in an aggregate amount in excess of the Total Commitment thereafter. Such notice shall specify the date and the amount of the reduction or termination of the Total Commitment. Any such reduction or termination of the Total Commitment shall be made ratably among the Banks in accordance with their respective Commitments and shall be permanent. Simultaneously with any termination of the Total Commitment, in whole or in part, the Borrower shall pay to the Administrative Agent for the accounts of the Banks the accrued and unpaid facility fee as set forth in Section 2.09(a).

Section 2.06. Repayment and Prepayment of Advances; Notes.

(a) The Borrower agrees to repay the Banks all of the Advances in full on the Termination Date.

(b) The Borrower may, upon at least one (1) Business Day's notice in respect of Base Rate Advances, and, in respect of Eurodollar Rate Advances, upon at least three (3) Business Days' notice, to the Administrative Agent pursuant to delivery to the Administrative Agent of a Notice of

Prepayment stating the proposed date (which shall be a Business Day), the Type of Advances to be prepaid and aggregate principal amount of the prepayment, and if such notice is given, the Borrower shall, prepay the outstanding principal amounts of the Advances comprising part of the same Borrowing in whole or ratably in accordance with the Commitments of the applicable Banks, together with accrued interest to the date of such prepayment on the principal amount prepaid and all fees and amounts, if any, required to be paid under this Agreement, including, without limitation, pursuant to Section 2.06(d), Section 2.09(a) and Section 2.11 as a result of such prepayment, provided, however, that each partial prepayment of Advances pursuant to this Section 2.06(b) shall be in an aggregate principal amount not less than \$10,000,000 for each Advance so prepaid and increments of \$1,000,000 in excess thereof and in an aggregate principal amount such that after giving effect thereto no Borrowing of Advances comprised of Base Rate Advances shall have a principal amount outstanding of less than \$5,000,000 and no Borrowing of Advances comprised of Eurodollar Rate Advances shall have a principal amount outstanding of less than \$10,000,000.

(c) Each notice of prepayment shall specify the prepayment date, the Type of Borrowing to be prepaid and the aggregate principal amount of each Borrowing to be prepaid, shall be irrevocable and shall commit the Borrower to prepay such Borrowing by the amount stated therein.

(d) In the event that any Bank shall incur any loss or expense (including, without limitation, any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by the Bank to fund or maintain all or any portion of the outstanding principal amount of any Advance) as a result of any repayment occurring prior to the last day of any Interest Period, or prepayment, of a Eurodollar Rate Advance or conversion of any Eurodollar Borrowing, on a date other than the last day of any Interest Period applicable thereto, then the Borrower shall pay to the Administrative Agent for the account of such Bank, on demand, such amount as will reimburse the Bank for such loss or expense. A certificate as to the amount of such loss or expense setting forth the calculation thereof, submitted by such Bank to the Borrower and the Administrative Agent, shall be conclusive and binding for all purposes in the absence of error.

(e) The records maintained by the Administrative Agent and the Banks shall be prima facie evidence of the existence and amounts of the obligations of the Borrower in respect of the Advances, interest and fees due or accrued hereunder, provided that the failure of the Administrative Agent or any Bank to maintain such records or any error therein shall not in any manner affect the obligation of the Borrower to pay any amounts due hereunder in accordance with the terms of this Agreement. Any Bank may request that Advances made by it be evidenced by a Note. In such event, the Borrower shall prepare, execute and deliver to such Bank each such Note payable to such Bank.

(f) All voluntary and mandatory repayments under this Section 2.06 and under this Agreement (including pursuant to Section 7.03(b)) shall be accompanied by all accrued interest on the principal amount being repaid or prepaid to the date of prepayment, if any, and all other fees and amounts required under this Section 2.06 and under this Agreement (including, without limitation, pursuant to Section 2.06(d), Section 2.09(a) and Section 2.11).

Section 2.07. Interest on Advances. (1) Interest on Advances. The Borrower shall pay interest on the unpaid principal amount of each Advance made by each Bank from the

date of such Advance until such principal amount shall be paid in full, at the following rates per annum (but subject to the provisions of Section 10.08):

(i) if such Advance is a Base Rate Advance, a rate per annum, commencing on the applicable borrowing date, equal to the Base Rate in effect from time to time for such Advance *plus* the Applicable Rate in effect from time to time for such Advance, payable on each Interest Payment Date; and

(ii) if such Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during the Interest Period for such Advance to the sum of the Eurodollar Rate for such Interest Period *plus* the Applicable Rate in effect from time to time for such Advance, payable on each Interest Payment Date.

(b) Additional Interest on Eurodollar Rate Advances. The Borrower shall pay to each Bank, so long as such Bank shall be required under regulations of the Board of Governors of the Federal Reserve System to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Rate Advance of such Bank, from the date of such Advance until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder obtained by subtracting (i) the Eurodollar Rate for each Interest Period for such Advance from (ii) the rate obtained by dividing such Eurodollar Rate by a percentage equal to one hundred percent (100%) minus the Eurodollar Rate Reserve Percentage of such Bank for such Interest Period, payable on each date on which interest is payable on such Advance. Such additional interest shall be determined by such Bank and notified to the Borrower through the Administrative Agent. A certificate as to the amount of such additional interest submitted to the Borrower and the Administrative Agent by such Bank shall be conclusive and binding for all purposes, absent error.

(c) Payment of Interest. All accrued but unpaid interest on all Advances shall be due and payable in arrears on the Interest Payment Dates related thereto.

(d) Maximum Interest. The parties hereto agree that the sum of (i) interest payable in accordance with this Section 2.07, plus (ii) the fees payable as provided in Section 2.09 to the extent they would constitute interest under Applicable Usury Law, plus (iii) other consideration payable hereunder or under the Notes which constitutes interest under Applicable Usury Law (whether or not denoted as interest), shall, as more fully provided in Section 10.08, not exceed the maximum amount allowed under Applicable Usury Law.

Section 2.08. Interest Rate Determination. The Administrative Agent shall give prompt notice to the Borrower and the Banks of the applicable interest rate for each Eurodollar Rate Advance determined by the Administrative Agent for purposes of Section 2.07.

Section 2.09. Fees. (1) Facility Fee. The Borrower agrees to pay to the Administrative Agent, for the account of each Bank, a facility fee on such Bank's Total Commitment (regardless of usage) from the date hereof until the applicable Termination Date in an amount equal to such Bank's Total Commitment (regardless of usage) multiplied by the Facility Fee Rate therefor (as such rate is set forth under the definition of the Applicable Rate),

payable in arrears in quarterly installments on the last day of each calendar quarter so long as any Advance is outstanding or any Bank has any Commitment, on the effective date of any reduction or termination of the Total Commitment pursuant to Section 2.05 and on the applicable Termination Date.

(a) Administrative Agent's Fees. The Borrower agrees to pay to the Administrative Agent, for its sole account, the fees separately agreed upon with the Administrative Agent in the Bank of America Fee Letter.

Section 2.10. Payments; Computations; Interest on Overdue Amounts. (1) The Borrower shall make each payment hereunder and under the Notes to be made by it not later than 11:00 A.M. (New York City time) on the day when due in U.S. Dollars to the Administrative Agent at its address referred to in Section 10.02 in same day funds. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal, interest or fees ratably (other than amounts payable pursuant to Section 2.06(d), 2.07(b), 2.11, 2.12, 2.14 or 2.15, which shall not necessarily be paid ratably to the Banks in accordance with their respective Total Commitment and other than amounts pursuant to Section 2.09(b) which shall be for the Administrative Agent's sole account) to the Banks in accordance with their respective Total Commitment for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Bank to such Bank for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. In no event shall any Bank be entitled to share any fees paid to the Administrative Agent pursuant to Section 2.09(b).

(a) All interest and fees hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Base Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable. Each determination by the Administrative Agent (or, in the case of Section 2.07(b), by a Bank) of an interest rate hereunder shall be conclusive and binding for all purposes, absent error.

(b) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or fees, as the case may be, provided, however, that if such extension would cause payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(c) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due by the Borrower to any Bank hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each such Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Borrower shall not have so made such payment in full to the Administrative Agent, each such Bank shall repay to the Administrative Agent forthwith on demand such amount distributed to such Bank together with

interest thereon, for each day from the date such amount is distributed to such Bank until the date such Bank repays such amount to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Administrative Agent in connection with the foregoing.

(d) Notwithstanding the foregoing, upon the occurrence and during the continuance of any Default, the Applicable Rate shall automatically be increased by 2% per annum (the “Default Rate”).

Section 2.11. Consequential Losses on Eurodollar Rate Advances. If (a) any payment (or purchase pursuant to Section 2.13) of principal of any Eurodollar Rate Advance made to the Borrower is made other than on an Interest Payment Date relating to such Advance, as a result of a prepayment pursuant to Section 2.06(b) or 2.14 or acceleration of the maturity of the Advances pursuant to Section 8.01 or for any other reason or as a result of any such purchase; (b) a Eurodollar Rate Advance is converted pursuant to Section 2.04 at a time other than the end of an Interest Period; or (c) the Borrower fails to make a principal or interest payment with respect to any Eurodollar Rate Advance on the date such payment is due and payable, the Borrower shall, upon demand by any Bank (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Bank any amounts required to compensate such Bank for any additional losses, costs or expenses which it may reasonably incur as a result of any such payment or purchase, including, without limitation, any loss (including loss of reasonably anticipated profits, except in the case of such a purchase pursuant to Section 2.13), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Bank to fund or maintain such Advance.

Section 2.12. Increased Costs. (1) If, due to any Change in Law, there shall be any increase in the cost to any Bank of agreeing to make or making, funding or maintaining any Eurodollar Rate Advance to the Borrower, then the Borrower shall from time to time, upon demand by such Bank (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Bank additional amounts sufficient to compensate such Bank for such increased cost. A certificate as to the amount of such increased cost, submitted to the Borrower and the Administrative Agent by such Bank, shall be prima facie evidence of the amount of such increased cost. Promptly after any Bank becomes aware of any such introduction, change or proposed compliance, such Bank shall notify the Borrower thereof, provided that the failure to provide such notice shall not affect such Bank’s rights hereunder, except that such Bank’s right to recover such increased costs from the Borrower for any period prior to such notice shall be limited to the period of ninety (90) days immediately prior to the date such notice is given to the Borrower.

(a) If any Bank determines that any Change in Law affects or would affect the amount of capital or liquidity required or expected to be maintained by such Bank or any corporation controlling such Bank and that the amount of such capital or liquidity is increased by or based upon the existence of such Bank’s Advances or commitment to lend to the Borrower hereunder and other commitments of this type, then, upon receipt of a demand by such Bank (with a copy of such demand

to the Administrative Agent), the Borrower shall, within ten (10) days of such demand, notify such Bank and the Administrative Agent if the Borrower desires to replace such Bank in accordance with Section 2.13. If the Borrower either fails to notify such Bank and the Administrative Agent in accordance with the prior sentence or fails to replace such Bank within the time periods specified in Section 2.13, the Borrower shall promptly pay to the Administrative Agent for the account of such Bank, from time to time as specified by such Bank, additional amounts sufficient to compensate such Bank or such corporation in the light of such circumstances, to the extent that such Bank reasonably determines such increase in capital or liquidity to be allocable to the existence of such Bank's commitment to lend hereunder. A certificate as to such amounts submitted to the Borrower and the Administrative Agent by such Bank shall be conclusive and binding for all purposes, absent error.

Section 2.13. Replacement of Banks. In the event that (a) any Bank makes a demand for payment under Section 2.07(b) or Section 2.12, (b) the Borrower is required to make any payment in respect of Taxes or Other Taxes pursuant to Section 2.15 or (c) any Bank becomes a Defaulting Bank, the Borrower may within ninety (90) days of the applicable event, if no Default then exists, replace such Bank with another commercial bank, financial institution or other Person in accordance with all of the provisions of Section 10.06(a) (including execution of an appropriate Assignment), provided that (i) all obligations of such Bank to lend hereunder shall be terminated and the Advances payable to such Bank and all other obligations owed to such Bank hereunder shall be purchased in full without recourse at par plus accrued interest at or prior to such replacement, (ii) such replacement shall be reasonably satisfactory to the Administrative Agent, (iii) if such replacement bank is not already a Bank hereunder, the Borrower (and, for avoidance of doubt, not the replacement bank) shall pay to the Administrative Agent an assignment fee of \$3,500 in connection with such replacement, (iv) such replacement shall, from and after such replacement, be deemed for all purposes to be a "Bank" hereunder with a Commitment in the amount of the respective Commitment of the assigning Bank immediately prior to such replacement (plus, if such replacement bank is already a Bank prior to such replacement, the respective Commitment of such Bank prior to such replacement), as such amount may be changed from time to time pursuant hereto, and shall have all of the rights, duties and obligations hereunder of the Bank being replaced, and (v) such other actions shall be taken by the Borrower, such Bank and such replacement bank as may be appropriate to effect the replacement of such Bank with such replacement bank on terms such that such replacement bank has the same rights, duties and obligations hereunder as such Bank (including, without limitation, execution and delivery of new Notes to such replacement bank if such replacement bank shall so request, redelivery to the Borrower in due course of any Notes payable to such Bank and specification of the information contemplated by Schedule I as to such replacement bank).

Section 2.14. Illegality and Unavailability. (%3) Notwithstanding any other provision of this Agreement, if any Bank shall notify the Administrative Agent that the introduction of or any change in or in the interpretation of any Law or regulation shall make it unlawful, or any central bank or other governmental authority shall assert that it is unlawful, for such Bank or its Applicable Lending Office to make any Advance whose interest is determined by reference to the Eurodollar Rate or to continue to fund or maintain any Advance

hereunder whose interest is determined by reference to the Eurodollar Rate or any Governmental Authority has imposed material restrictions on the authority of such Bank to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof to the Borrower by the Administrative Agent,

(i) the obligation of such Bank to make or continue any Eurodollar Rate Advance or to convert Base Rate Advance to Eurodollar Rate Advance shall be suspended until the Administrative Agent shall notify the Borrower and the Bank that the circumstances causing such suspension no longer exist,

(ii) the Eurodollar Rate Advances then outstanding of such Bank, together with all accrued interest thereon and all amounts payable pursuant to Section 2.11, shall be automatically converted to Base Rate Advances, or, at the option of the Borrower, prepaid in full, unless such Bank shall determine in good faith in its sole opinion that it is lawful to maintain such Eurodollar Rate Advances made by such Bank to the end of the Interest Period then applicable thereto, and

(iii) if such notice asserts the illegality of such Bank making or maintaining Base Rate Advances the interest rate on which is determined by reference to the Eurodollar Rate component of the Base Rate, the interest rate on which Base Rate Advances of such Bank shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurodollar Rate component of the Base Rate, in each case until such Bank notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist.

(b) If in connection with any request for a Eurodollar Rate Advance or a conversion to or continuation thereof, (i) the Administrative Agent determines that (A) Dollar deposits are not being offered to banks in the London interbank Eurodollar market for the applicable amount and Interest Period of such Eurodollar Rate Advance, or (B) (x) adequate and reasonable means do not exist for determining the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Advance or in connection with an existing or proposed Base Rate Advance and (y) the circumstances described in Section 2.14(d)(i) do not apply (in each case with respect to this clause (i), "Impacted Advances"), or (ii) the Administrative Agent or the Majority Banks determine that for any reason the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Advance does not adequately and fairly reflect the cost to such Banks of funding such Eurodollar Rate Advance, the Administrative Agent will promptly so notify the Borrower and each Bank. Thereafter, (x) the obligation of the Banks to make or maintain Eurodollar Rate Advances shall be suspended, (to the extent of the affected Eurodollar Rate Advance or Interest Periods), and (y) in the event of a determination described in the preceding sentence with respect to the Eurodollar Rate component of the Base Rate, the utilization of the Eurodollar Rate component in determining the Base Rate shall be suspended, in each case until the Administrative Agent (or, in the case of a determination by the Majority Banks described in clause (ii) of Section 2.14(b), until the Administrative Agent upon instruction of the Majority Banks) revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Advances (to the extent of the affected Eurodollar Rate Advances

or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Advances in the amount specified therein.

(c) Notwithstanding the foregoing, if the Administrative Agent has made the determination described in clause (i) of Section 2.14(b), the Administrative Agent, in consultation with the Borrower, may establish an alternative interest rate for the Impacted Advances, in which case, such alternative rate of interest shall apply with respect to the Impacted Advances until (i) the Administrative Agent revokes the notice delivered with respect to the Impacted Advances under clause (i) of the first sentence of Section 2.14(b), (ii) the Administrative Agent or the Majority Banks notify the Administrative Agent and the Borrower that such alternative interest rate does not adequately and fairly reflect the cost to such Banks of funding the Impacted Advances, or (iii) any Bank determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for such Bank or its Applicable Lending Office to make, maintain or fund Advances whose interest is determined by reference to such alternative rate of interest or to determine or charge interest rates based upon such rate or any Governmental Authority has imposed material restrictions on the authority of such Bank to do any of the foregoing and provides the Administrative Agent and the Borrower written notice thereof.

(d) Notwithstanding anything to the contrary in this Agreement or any other Credit Documents, if the Administrative Agent determines (which determination shall be conclusive absent manifest error), or the Borrower or Majority Banks notify the Administrative Agent (with, in the case of the Majority Banks, a copy to the Borrower) that the Borrower or Majority Banks (as applicable) have determined, that:

(i) adequate and reasonable means do not exist for ascertaining LIBOR for any requested Interest Period, including, without limitation, because the LIBOR Screen Rate is not available or published on a current basis and such circumstances are unlikely to be temporary; or

(ii) the administrator of the LIBOR Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which LIBOR or the LIBOR Screen Rate shall no longer be made available, or used for determining the interest rate of loans, provided that, at the time of such statement, there is no successor administrator that is satisfactory to the Administrative Agent, that will continue to provide LIBOR after such specific date (such specific date, the “Scheduled Unavailability Date”); or

(iii) syndicated loans currently being executed, or that include language similar to that contained in this Section 2.14, are being executed or amended (as applicable) to incorporate or adopt a new benchmark interest rate to replace LIBOR,

then, reasonably promptly after such determination by the Administrative Agent or receipt by the Administrative Agent of such notice, as applicable, the Administrative Agent and the Borrower may amend this Agreement solely for the purpose of replacing LIBOR in accordance with this Section 2.14 with (x) one or more SOFR-Based Rates or (y) another alternate benchmark rate giving due consideration to any evolving or then existing convention for similar U.S. dollar

denominated syndicated credit facilities for such alternative benchmarks and, in each case, including any mathematical or other adjustments to such benchmark giving due consideration to any evolving or then existing convention for similar U.S. dollar denominated syndicated credit facilities for such benchmarks, which adjustment or method for calculating such adjustment shall be published on an information service as selected by the Administrative Agent from time to time in its reasonable discretion and may be periodically updated (the "Adjustment;" and any such proposed rate, a "LIBOR Successor Rate"), and any such amendment shall become effective at 5:00 p.m. on the fifth Business Day after the Administrative Agent shall have posted such proposed amendment to all Banks and the Borrower unless, prior to such time, Banks comprising the Majority Banks have delivered to the Administrative Agent written notice that such Majority Banks (A) in the case of an amendment to replace LIBOR with a rate described in clause (x), object to the Adjustment; or (B) in the case of an amendment to replace LIBOR with a rate described in clause (y), object to such amendment; *provided* that for the avoidance of doubt, in the case of clause (A), the Majority Banks shall not be entitled to object to any SOFR-Based Rate contained in any such amendment. Such LIBOR Successor Rate shall be applied in a manner consistent with market practice; *provided* that to the extent such market practice is not administratively feasible for the Administrative Agent, such LIBOR Successor Rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent.

If no LIBOR Successor Rate has been determined and the circumstances under clause (i) above exist or the Scheduled Unavailability Date has occurred (as applicable), the Administrative Agent will promptly so notify the Borrower and each Bank. Thereafter, (x) the obligation of the Banks to make or maintain Eurodollar Rate Advances shall be suspended, (to the extent of the affected Eurodollar Rate Advances or Interest Periods), and (y) the Eurodollar Rate component shall no longer be utilized in determining the Base Rate. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Advances (to the extent of the affected Eurodollar Rate Advances or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Advances (subject to the foregoing clause (y)) in the amount specified therein.

Notwithstanding anything else herein, any definition of LIBOR Successor Rate shall provide that in no event shall such LIBOR Successor Rate be less than 0.75% for purposes of this Agreement.

In connection with the implementation of a LIBOR Successor Rate, the Administrative Agent will have the right to make LIBOR Successor Rate Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Credit Document, any amendments implementing such LIBOR Successor Rate Conforming Changes will become effective without any further action or consent of any other party to this Agreement; *provided* that, with respect to any such amendment effected, the Administrative Agent shall post each such amendment implementing such LIBOR Successor Conforming Changes to the Banks reasonably promptly after such amendment becomes effective.

Section 2.15. Taxes. (1) Any and all payments by the Borrower or a Guarantor hereunder or under the Notes or any other Credit Document shall be made in accordance with Section 2.10, and subject to Applicable Law and Sections 2.15(c), 2.15(e) and 2.16, free and

clear of and without deduction for any and all taxes, levies, imposts, deductions, charges or withholdings with respect thereto, and all liabilities with respect thereto, including any interest, additions to tax or penalties applicable thereto (all such taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as “Taxes”). If the Borrower or a Guarantor shall be required by Law to deduct any Taxes from or in respect of any sum payable by it hereunder or under any Note or other Credit Document to any Bank or the Administrative Agent, (y) the Borrower or such Guarantor, as the case may be, shall make such deductions and (z) the Borrower or such Guarantor, as the case may be, shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with Applicable Law, rules and regulations, and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower or such Guarantor, as the case may be, shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) such Bank or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(a) In addition, the Borrower or a Guarantor, as the case may be, agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made by the Borrower or such Guarantor hereunder or under any Note or other Credit Document executed by it or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any Note or other Credit Document (hereinafter referred to as “Other Taxes”).

(b) Within thirty (30) days after the date of the payment of Taxes by or at the direction of the Borrower or such Guarantor, the Borrower will furnish to the Administrative Agent, at its address referred to in Section 10.02, the original or a certified copy of a receipt evidencing payment thereof. If a Bank receives from the relevant jurisdiction imposing such Tax a refund of a specific Tax item for which it has been indemnified by the Borrower with respect to which the Borrower has paid additional amounts pursuant to this Section 2.15, it shall pay the Borrower an amount equal to such refund, together with any interest paid by such jurisdiction with respect to such refund, provided that the Borrower, upon the request of such Bank, agrees to promptly repay the amount (or portion thereof) paid over to the Borrower by such Bank in the event such Bank is required to repay the refund (or portion thereof) to such jurisdiction.

(c) Without prejudice to the survival of any other agreement of the Borrower or the Guarantors hereunder, the agreements and obligations of the parties contained in this Section 2.15 shall survive the payment in full of principal and interest hereunder and under the Notes and other Credit Documents.

(d) Each Bank that is organized under the laws of any jurisdiction other than the United States of America or any state or political subdivision thereof (for purposes of this Section 2.15(e), each a “Non-U.S. Bank”) shall deliver to the Borrower and the Administrative Agent on or prior to Effective Date or upon the effectiveness of any Assignment, or at such other times prescribed by Applicable Law, (i) two (2) properly completed and signed originals of United States of America Internal Revenue Service form W-8BEN-E, W-BEN or W-8ECI, as appropriate, or any successor

applicable form, as the case may be, certifying that such Bank is entitled to benefits under an income tax treaty to which the United States is a party that eliminates or reduces the rate of withholding tax on payments under this Agreement and the other Credit Documents or certifying that the income receivable pursuant to this Agreement and the other Credit Documents is effectively connected with the conduct of a trade or business in the United States, or (ii) if such Non-U.S. Bank is not a “bank” or other Person described in Code Section 881(c)(3), two properly completed and signed originals of a statement substantially in the form of Exhibit E hereto, together with two properly completed and signed originals of Internal Revenue Service form W-8BEN-E (or W-BEN if applicable), upon which the Borrower is entitled to rely, from any such Non-U.S. Bank or any successor applicable form, together with any other certificate or statement of exemption or reduction required under the Code, in order to establish that such Non-U.S. Bank is entitled to treat the interest payments under this Agreement and the other Credit Documents as portfolio interest that is exempt from withholding tax under the Code. Thereafter, upon the reasonable request of the Borrower or the Administrative Agent, each such Non-U.S. Bank shall (A) upon the obsolescence of any form previously delivered by such Non-U.S. Bank, promptly submit to the Administrative Agent and the Borrower such additional properly completed and signed originals of such forms (or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities) as may then be available under then current United States laws and regulations to qualify for a deduction in United States withholding taxes, or such evidence as is reasonably satisfactory to the Borrower and the Administrative Agent of an available exemption from United States withholding taxes, in respect of all payments to be made to such Non-U.S. Bank by the Borrower pursuant to the Credit Documents, and (B) promptly notify the Administrative Agent of any change in circumstances which would modify or render invalid any claimed exemption. If a payment made to a Bank hereunder or under any Note or other Credit Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Bank were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Bank shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by Law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Bank has complied with such Bank’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this paragraph (e), “FATCA” shall include any amendments made to FATCA after the date of this Agreement. A Non-U.S. Bank shall not be required to deliver any form or statement pursuant to this Section 2.15 that such Non-U.S. Bank is not legally able to deliver. The Borrower shall not be required to pay additional amounts to any Bank pursuant to this Section 2.15 to the extent that such Bank did not qualify for a complete exemption from United States withholding taxes at the time such Bank became a party to this Agreement and to the extent that the obligation to pay additional amounts would not have arisen but for the failure of such Bank to comply with this paragraph (e), except to the extent such Bank is not able to comply as a result of a change in law. Any assignee of all or any portion of any Bank’s rights and obligations under this Agreement shall be subject to this Section 2.15(e). For purposes of this Section 2.15, Applicable Law includes FATCA.

(e) Upon the reasonable request of the Borrower, any Bank claiming any additional amounts payable pursuant to this Section 2.15 shall use its reasonable efforts (consistent with its internal policies and requirements of Law) to change the jurisdiction of its Applicable Lending Office if such a change would reduce any such additional amounts (or any similar amount that may thereafter accrue) and would not, in the sole determination of such Bank, be otherwise disadvantageous to such Bank.

(f) The Borrower or the applicable Guarantor shall indemnify the Administrative Agent and each Bank, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by the Administrative Agent or such Bank, as applicable, or required to be withheld or deducted from a payment to the Administrative Agent or such Bank, as applicable, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Bank (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Bank, shall be conclusive absent error.

(g) Each Bank shall severally indemnify the Administrative Agent, within 10 days after written demand therefor, for (i) any Indemnified Taxes attributable to such Bank (but only to the extent that the Borrower or the applicable Guarantor has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower and such Guarantor to do so), (ii) any Taxes attributable to such Bank's failure to comply with the provisions of Section 10.06(e) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Bank, in each case, that are payable or paid by the Administrative Agent in connection with any Credit Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Bank by the Administrative Agent shall be conclusive absent error. Each Bank hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Bank under any Credit Document or otherwise payable by the Administrative Agent to the Bank from any other source against any amount due to the Administrative Agent under this paragraph (h).

Section 2.16. Payments Pro Rata. Except as provided in Sections 2.06(d), 2.07(b), 2.09(b), 2.11, 2.12, 2.14 or 2.15, each of the Banks agrees that if it should receive any payment (whether by voluntary payment, by realization upon security, by the exercise of the right of setoff or banker's lien, by counterclaim or cross action, by the enforcement of any right under this Agreement or the Notes or other Credit Documents, or otherwise) in respect of any obligation of the Borrower or the Guarantors hereunder or under the Notes or other Credit Documents of a sum which with respect to the related sum or sums received by other Banks in accordance with their respective applicable Commitments is in a greater proportion than the total amount of principal, interest, fees or any other obligation incurred hereunder, as the case may be, then owed and due to such Bank bears to the total amount of principal, interest, fees or any such other obligation then owed and due to all of the Banks in accordance with their respective

applicable Commitments immediately prior to such receipt, then such Bank receiving such excess payment shall purchase for cash without recourse from the other Banks an interest in the obligations of the Borrower to such Banks in such amount as shall result in a proportional participation by all of the Banks in accordance with their respective applicable Commitments in the aggregate unpaid amount of principal, interest, fees or any such other obligation, as the case may be, owed to all of the Banks in accordance with their respective applicable Commitments, provided that if all or any portion of such excess payment is thereafter recovered from such purchasing Bank, such purchase from each other Bank in accordance with their respective Commitments shall be rescinded and each such other applicable Bank shall repay to the purchasing Bank the purchase price to the extent of such other Bank's ratable share (according to the proportion of (i) the amount of the participation purchased from such other Bank as a result of such excess payment to (ii) the total amount of such excess payment) of such recovery together with an amount equal to such other Bank's ratable share (according to the proportion of (a) the amount of such other Bank's required repayment to (b) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. The Borrower agrees that any Bank so purchasing a participation from another Bank pursuant to this Section 2.16 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Bank were the direct creditor of the Borrower in the amount of such participation.

Section 2.17. Increase in Commitments. The Borrower may at any time and from time to time after the termination of the Limitation Period, by written notice to the Administrative Agent (which shall promptly deliver a copy to the Banks) executed by a Responsible Officer of the Borrower and one or more financial institutions (any such financial institution referred to in this Section being called an "Increasing Bank"), which may include any Bank, cause the Commitments of the Increasing Banks to be increased (or cause the Increasing Banks to extend new Commitments) in an amount for each Increasing Bank (which shall not be less than \$10,000,000) set forth in such notice, provided that (i) no Bank shall have any obligation to increase its Commitment pursuant to this paragraph, (ii) all new Commitments and increases in existing Commitments becoming effective under this paragraph during the term of this Agreement shall not exceed \$200,000,000 in the aggregate, (iii) each Increasing Bank, if not already a Bank hereunder, shall be subject to the approval of the Administrative Agent (which approval shall not be unreasonably withheld) and (iv) each Increasing Bank, if not already a Bank hereunder, shall become a party to this Agreement by completing and delivering to the Administrative Agent a duly executed accession agreement in a form reasonably satisfactory to the Administrative Agent and the Borrower (an "Accession Agreement"). New Commitments and increases in Commitments shall become effective on the date specified in the applicable notices delivered pursuant to this Section 2.17. Upon the effectiveness of any Accession Agreement to which any Increasing Bank is a party, such Increasing Bank shall thereafter be deemed to be a party to this Agreement and shall be entitled to all rights, benefits and privileges accorded a Bank hereunder and subject to all obligations of a Bank hereunder. Notwithstanding the foregoing, no increase in the Total Commitments (or in the Commitment of any Bank) pursuant to this paragraph shall become effective unless (i) the Administrative Agent shall have received documents consistent with those delivered under Section 3.01(a)(ii) through (v), giving

effect to such increase, (ii) on the effective date of such increase, the representations and warranties of the Borrower and the Guarantors set forth in this Agreement shall be true and correct in all material respects and no Default shall have occurred and be continuing or would result therefrom, and the Administrative Agent shall have received a certificate to that effect dated such date and executed by a Financial Officer of the Borrower, and (iii) (x) upon the reasonable request of any Bank made at least five (5) days prior to the effectiveness of any Accession Agreement, the Borrower shall have provided to such Bank, and such Bank shall be reasonably satisfied with, the documentation and other information so requested in connection with applicable “know your customer” and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act, in each case at least three (3) Business Days prior to the effectiveness of any Accession Agreement and (y) at least three (3) Business Days prior to the effectiveness of any Accession Agreement, any Loan Party that qualifies as a “legal entity customer” under the Beneficial Ownership Regulation shall have delivered, to each Bank that so requests, a Beneficial Ownership Certification in relation to such Loan Party. On the effective date of any increase in the Commitments pursuant to this Section 2.17, to the extent there are outstanding Advances, the parties hereto shall implement such arrangements as may be agreed upon by the Borrower and the Administrative Agent to ensure that the proportion between the Banks’ outstanding Advances, after giving effect to such increase, and their respective Commitments, after giving effect to such increase, will be re-established, and the effectiveness of such increase shall be conditioned on the implementation of such arrangements. This Section 2.17 shall supersede any provisions in Section 2.13 or 10.01 to the contrary.

Section 2.18. Defaulting Banks. Notwithstanding anything to the contrary contained in this Agreement, if any Bank becomes a Defaulting Bank, then, until such time as that Bank is no longer a Defaulting Bank, to the extent permitted by applicable law:

(a) Waivers and Amendments. That Defaulting Bank’s right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in Section 10.01.

(b) Reallocation of Payments. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of that Defaulting Bank (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise, and including any amounts made available to the Administrative Agent by that Defaulting Bank pursuant to Section 10.05), shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by that Defaulting Bank to the Administrative Agent hereunder; *second*, if so determined by the Administrative Agent, to be held as cash collateral for future funding obligations of that Defaulting Bank; *third*, as the Borrower may request (so long as no Default exists), to the funding of any Advance in respect of which that Defaulting Bank has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fourth*, if so determined by the Administrative Agent and the Borrower, to be held in a non-interest bearing deposit account and released in order to satisfy obligations of that Defaulting Bank to fund Advances under this Agreement; *fifth*, to the payment of any amounts owing to the Banks as a result of any judgment of a court of competent jurisdiction obtained by any Bank against that Defaulting Bank as a result of that Defaulting Bank’s breach of its obligations under this Agreement;

sixth, so long as no Default exists to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against that Defaulting Bank as a result of that Defaulting Bank's breach of its obligations under this Agreement; and *seventh*, to that Defaulting Bank or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Advances in respect of which that Defaulting Bank has not fully funded its appropriate share and (y) such Advances were made at a time when the conditions set forth in Section 3.02 were satisfied or waived, such payment shall be applied solely to pay the Advances of all non-Defaulting Banks on a pro rata basis in accordance with their applicable Commitment (computed without giving effect to the applicable Commitment of any Defaulting Bank) prior to being applied to the payment of any Advances owed to, that Defaulting Bank. Any payments, prepayments or other amounts paid or payable to a Defaulting Bank that are applied (or held) to pay amounts owed by a Defaulting Bank or to post cash collateral pursuant to this Section 2.18(b) shall be deemed paid to and redirected by that Defaulting Bank, and each Bank irrevocably consents hereto.

(c) Certain Fees. That Defaulting Banks shall not be entitled to receive any facility fee pursuant to Section 2.09(a) for any period during which that Bank is a Defaulting Bank (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Bank).

(d) Defaulting Bank Cure. If the Borrower and the Administrative Agent agree in writing in their sole discretion that a Defaulting Bank should no longer be deemed to be a Defaulting Bank, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any cash collateral), that Bank will, to the extent applicable, purchase that portion of outstanding Advances of the other Banks or take such other actions as the Administrative Agent may determine to be necessary to cause the applicable Advances to be held on a pro rata basis by the Banks in accordance with their respective applicable Commitment, whereupon that Bank will cease to be a Defaulting Bank; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Bank was a Defaulting Bank; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Bank to Bank will constitute a waiver or release of any claim of any party hereunder arising from that Bank having been a Defaulting Bank.

ARTICLE III.

CONDITIONS

Section 3.01. Conditions Precedent to Effectiveness. The obligations of the Banks to make Advances hereunder shall become effective upon the satisfaction of all of the following conditions precedent:

(a) Documentation. The Administrative Agent shall have received the following duly executed by all the parties thereto, in form and substance satisfactory to the Administrative Agent and the Banks, and (except for the Notes) in sufficient copies for each Bank:

(i) this Agreement duly executed by the Borrower, the Guarantor, each Bank and the Administrative Agent;

(ii) a certificate of the Secretary or an Assistant Secretary of the Borrower certifying (A) the Borrower's certificate of incorporation and by-laws, (B) the names and true signatures of the officers of the Borrower authorized to sign this Agreement and any Notes and (C) that a true, correct and complete copy of the resolutions of the Borrower's Board authorizing the transactions contemplated hereby is attached thereto and that such resolutions are in full force and effect;

(iii) a certificate of the Secretary or an Assistant Secretary of the Guarantor certifying (A) the Guarantor's certificate of incorporation and by-laws, (B) the names and true signatures of the officers of the Guarantor authorized to sign this Agreement and (C) that a true, correct and complete copy of the resolutions of the Guarantor's Board authorizing the making and performance of this Agreement by the Guarantor is attached hereto and that such resolutions are in full force and effect;

(iv) a favorable opinion of Jackson Walker L.L.P., legal counsel for each of the Borrower and the Guarantor, dated the Effective Date, substantially in the form of Exhibit D hereto; and

(v) certificates, telecopy confirmation or electronic transmission, in each case, as of a date reasonably close to the date hereof from the Secretary of State of the state of incorporation of each of the Borrower and the Guarantor as to the existence and good standing of the Borrower and the Guarantor, as applicable.

(b) No Material Adverse Change. No event or events which have or would reasonably be expected to have a Material Adverse Effect shall have occurred since June 29, 2016.

(c) No Default. No Default or event which, with the giving of notice, the lapse of time or both, would constitute a Default shall have occurred and be continuing.

(d) Representations and Warranties. The representations and warranties contained in Article V hereof shall be true and correct in all material respects on and as of the Effective Date, except to the extent that such representations and warranties refer to an earlier date, in which case they shall be true and correct in all material respects on and as of such earlier date.

(e) No Material Litigation. No legal or regulatory action or proceeding shall have commenced and be continuing against the Borrower or any of its Subsidiaries since the date of this Agreement which has, or would reasonably be expected to have, a Material Adverse Effect.

(f) Fees and Expenses. The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Effective Date, including fees, charges and disbursements of counsel and all other out of pocket fees and expenses required to be paid or reimbursed by the Borrower (which fees, charges and disbursements of counsel and such other out of pocket fees and expenses shall be limited to those for which invoices have been submitted on or prior to the Effective

Date) and fees due and payable in respect of the Fee Letters shall have been paid in accordance with the terms thereof..

(g) Certification. The Administrative Agent shall have received a certificate, dated the Effective Date and signed by a Financial Officer, confirming compliance with the conditions set forth in paragraphs (b), (c), (d) and (e) of this Section 3.01.

(h) Patriot Act. The Banks shall have received all information required by the Patriot Act, including the identity of the Borrower and its Subsidiaries, the name and address of the Borrower and its Subsidiaries and other information that will allow the Administrative Agent or any Bank, as applicable, to identify the Borrower in accordance with the Patriot Act.

Section 3.02. Conditions Precedent to Each Borrowing. The obligation of each Bank to make an Advance on the occasion of any Borrowing shall be subject to the further conditions precedent that on the date of such Borrowing (a) the Administrative Agent shall have received a Notice of Borrowing in accordance with Section 2.02 and (b) the following statements shall be true (and each of the giving of the applicable Notice of Borrowing and the acceptance by the Borrower of the proceeds of such Borrowing shall constitute a representation and warranty by the Borrower that on the date of such Borrowing such statements are true):

(i) the representations and warranties contained in Article V are true and correct in all material respects on and as of the date of such Borrowing, before and after giving effect to such Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, except to the extent that such representations and warranties refer to an earlier date, in which case they shall be true and correct in all material respects on and as of such earlier date and except that for the purposes of this Section 3.02, the representations and warranties contained in Section 5.04(a) shall be deemed to refer to the most recent statements furnished pursuant to Section 6.02(c);

(ii) no event has occurred and is continuing, or would result from such Borrowing or from the application of the proceeds therefrom, which constitutes or with the giving of notice, the lapse of time or both, would constitute a Default; and

(iii) after giving effect to any Borrowing of Advances and all other Borrowings of Advances which have been requested on or prior to such date but which have not been made prior to such date, the aggregate principal amount of the Advances owing to any Bank shall not exceed the Total Commitment of such Bank; provided, however, during the Limitation Period, the aggregate principal amount of the Advances owing to all of the Banks shall not exceed \$800,000,000.

Section 3.03. Administrative Agent. The Administrative Agent shall notify the Borrower and the Banks of the Effective Date, and such notice shall be conclusive and binding. The Administrative Agent shall be entitled to assume that the conditions set forth in Sections 3.01(b), 3.01(c), 3.01(d), 3.01(e), 3.02(c)(i) and 3.02(c)(ii) have been satisfied unless the Administrative Agent has received, at its address specified herein, actual written notice to the contrary from the Borrower, the Guarantors or a Bank.

ARTICLE IV.

GUARANTY

Section 4.01. Guaranty. Each Guarantor hereby unconditionally guarantees the punctual payment of the Guaranteed Obligations when due, whether at stated maturity, by acceleration or otherwise, and agrees to pay any and all reasonable expenses (including counsel fees and expenses) incurred by the Administrative Agent or any Bank in enforcing any rights hereunder. Without limiting the generality of the foregoing, each Guarantor's liability shall extend to all amounts which constitute part of the Guaranteed Obligations and would be owed by the Borrower under this Agreement or any of the Notes but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Borrower. The guaranty set forth in this Article IV is a guaranty of payment and not of collection.

Section 4.02. Payment. At the time a Guarantor pays any sum which may become due to the Administrative Agent for the benefit of a Bank under the terms of this Article IV, written notice of such payment shall be delivered to the Administrative Agent by such Guarantor, and in the absence of such notice, any sum received by the Administrative Agent on behalf of a Bank on account of any of the Guaranteed Obligations shall be conclusively deemed paid by the Borrower. All sums paid to the Administrative Agent, on behalf of a Bank, by such Guarantor may be applied by the Administrative Agent, on behalf of a Bank, at its discretion, to any of the Guaranteed Obligations.

Section 4.03. Waiver. Each Guarantor hereby waives all notices in connection herewith or in connection with the Guaranteed Obligations, including, without limitation, notice of intent to accelerate and notice of acceleration, and waives diligence, presentment, demand, protest, and suit on the part of the Administrative Agent or any Bank in the collection of any of the Guaranteed Obligations, and agrees that neither the Administrative Agent nor any Bank shall be required to first endeavor to collect any of the Guaranteed Obligations from the Borrower, or any other party liable for payment of the Guaranteed Obligations (hereinafter referred to as an "Obligated Party"), before requiring the Guarantors to pay the full amount of the Guaranteed Obligations. Without impairing the rights of the Administrative Agent or any Bank against the Guarantors, the Borrower or any other Obligated Party, suit may be brought and maintained against the Guarantors at the election of the Administrative Agent or any Bank with or without joinder of the Borrower, or any other Obligated Party, any right to any such joinder being hereby waived by each Guarantor.

Section 4.04. Acknowledgments and Representations. Each Guarantor acknowledges and represents to the Administrative Agent and each Bank that it is receiving direct and indirect financial and other benefits as a result of this Article IV; represents to the Administrative Agent and each Bank that after giving effect to this Article IV and the contingent obligations evidenced hereby it is, and will be, Solvent; acknowledges that it will derive substantial direct and indirect benefit from the transactions contemplated by this Agreement; acknowledges that its liability hereunder shall be cumulative and in addition to any other liability or obligation to the Administrative Agent and each Bank, whether the same is incurred through

the execution of a note, a similar guaranty, through endorsement, or otherwise; acknowledges that neither the Administrative Agent, any Bank nor any officer, employee, agent, attorney or other representative of any of them has made any representation, warranty or statement to the Guarantors to induce them to execute this Agreement; and each Guarantor acknowledges that it has made its own credit analysis and decision to enter into this Agreement and undertake the guaranty set forth in this Article IV.

Section 4.05. Subordination. Notwithstanding anything to the contrary contained herein, any right, claim or action which a Guarantor may have against the Borrower or any other Obligated Party arising out of or in connection with the guaranty set forth in this Article IV or any other document evidencing or securing the Guaranteed Obligations, including, without limitation, any right or claim of subrogation, contribution, reimbursement, exoneration or indemnity, shall be subordinated to the prior payment in full of any amounts then due under this Agreement, the Credit Documents, or the Notes. If any amount shall be paid to a Guarantor on account of any such subrogation, reimbursement, exoneration or indemnity notwithstanding the foregoing subordination, such amount shall be held in trust for the benefit of the Banks and shall forthwith be paid to the Administrative Agent to be credited and applied upon the Guaranteed Obligations then due.

Section 4.06. Guaranty Absolute. Each Guarantor hereby agrees that its obligations under this Agreement shall be absolute and unconditional, irrespective of (a) the validity or enforceability of the Guaranteed Obligations or of the Notes, or any other Credit Document evidencing all or any part of the Guaranteed Obligations, (b) the absence of any attempt to collect the Guaranteed Obligations from the Borrower or any other Obligated Party or other action to enforce the same, (c) the waiver or consent by the Administrative Agent and/or any Bank with respect to any provision of any instrument evidencing the Guaranteed Obligations, or any part thereof, or any other agreement now or hereafter executed by the Borrower and delivered to the Administrative Agent and/or any Bank, (d) the surrender, release, exchange, or alteration by the Administrative Agent and/or any Bank of any security or collateral for the Guaranteed Obligations, (e) the benefits of §17.001 of the Texas Civil Practice and Remedies Code, Rule 31 of the Texas Rules of Civil Procedure and any similar statute or rule and each Guarantor hereby waives any such benefit or (f) any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor.

Section 4.07. No Waiver; Remedies. No failure on the part of the Administrative Agent or any Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 4.08. Continuing Guaranty. The guaranty set forth in this Article IV is a continuing guaranty and shall (a) remain in full force and effect until the later of (i) the payment in full of the Guaranteed Obligations and all other amounts payable under this guaranty and (ii) the expiration or termination of all Commitments of each Bank, (b) be binding upon each Guarantor, its successors and assigns, (c) inure to the benefit of, and be enforceable by, the

Administrative Agent and each of the Banks and their respective successors, transferees and assigns, and (d) not be terminated by a Guarantor or the Borrower.

Section 4.09. Limitation. Notwithstanding any other provision of this Article IV, each Guarantor's liability hereunder shall be limited to the lesser of the following amounts minus, in either case, \$100.00:

(a) the lowest amount which would render the guaranty pursuant to this Article IV a fraudulent transfer under Section 548 of the Bankruptcy Code (11 U.S.C. § 101 et seq.); or

(b) if the guaranty pursuant to this Article IV is subject to the UFTA or the UFCA or any similar or analogous statute or rule of law, then the lowest amount which would render the guaranty pursuant to this Article IV a fraudulent transfer or fraudulent conveyance under the UFTA, the UFCA, or any such similar or analogous statute or rule of law.

The amount of the limitation imposed upon each Guarantor's liability under the terms of the preceding sentence shall be subject to redetermination as of each date a "transfer" is deemed to have been made on account of the Guaranty pursuant to this Article IV under applicable law.

Section 4.10. Effect of Bankruptcy. In the event that, pursuant to any insolvency, bankruptcy, reorganization, receivership or other debtor relief law, or any judgment, order or decision thereunder, any Bank must rescind or restore any payment, or any part thereof, received by such Bank in satisfaction of the Guaranteed Obligations, any prior release or discharge from the terms of the guaranty set forth in this Article IV given to a Guarantor by the Banks shall be without effect, and the guaranty set forth in this Article IV shall remain in full force and effect. It is the intention of each Guarantor that its obligations hereunder shall not be discharged except by its performance of such obligations and then only to the extent of such performance.

Section 4.11. Keepwell. Each Loan Party that is a Qualified ECP Guarantor at the time of the grant of the security interest under the Credit Documents, in each case, by any Specified Loan Party, becomes effective with respect to any Swap Obligation, hereby jointly and severally, absolutely, unconditionally and irrevocably undertakes to provide such funds or other support to each Specified Loan Party with respect to such Swap Obligation as may be needed by such Specified Loan Party from time to time to honor all of its obligations under the Credit Documents in respect of such Swap Obligation (but, in each case, only up to the maximum amount of such liability that can be hereby incurred without rendering such Qualified ECP Guarantor's obligations and undertakings under this Section 4.11 voidable under Applicable Law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations and undertakings of each Qualified ECP Guarantor under this Section shall remain in full force and effect until the Obligations have been indefeasibly paid and performed in full. Each Qualified ECP Guarantor intends this Section to constitute, and this Section shall be deemed to constitute, a guarantee of the obligations of, and a "keepwell, support, or other agreement" for the benefit of, each Specified Loan Party for all purposes of the Commodity Exchange Act.

ARTICLE V.

REPRESENTATIONS AND WARRANTIES

Each of the Borrower and each Guarantor represents and warrants as follows:

Section 5.01. Corporate Existence. The Borrower and each Guarantor is a corporation duly organized, validly existing and in good standing under the laws of its respective state of incorporation. The Borrower and each Guarantor has all corporate powers and all governmental licenses, authorizations, certificates, consents and approvals required to carry on its business as now conducted except where the failure to comply does not or would not reasonably be expected to have a Material Adverse Effect. Each Significant Subsidiary is a Person duly organized, validly existing and in good standing under the laws of its jurisdiction of formation. Each Significant Subsidiary has all corporate powers and all governmental licenses, authorizations, certificates, consents and approvals required to carry on its business as now conducted except where the failure to comply does not and would not reasonably be expected to have a Material Adverse Effect.

Section 5.02. Corporate Power. The execution, delivery and performance by the Borrower and each Guarantor of the Credit Documents to which each is a party and the consummation of the transactions contemplated by such Credit Documents are within the Borrower's and such Guarantor's corporate powers, respectively, have been duly authorized by all necessary corporate action, do not contravene (a) the Borrower's or such Guarantor's Certificate of Incorporation or Bylaws or (b) any law or any contractual restriction binding on or affecting the Borrower or such Guarantor and will not result in or require the creation or imposition of any Lien prohibited by this Agreement. At the time of each Borrowing, such Borrowing and the use of the proceeds of such Borrowing will be within the Borrower's corporate powers, will have been duly authorized by all necessary corporate action, will not contravene (i) the Borrower's Certificate of Incorporation or Bylaws or (ii) any law or any contractual restriction binding on or affecting the Borrower and will not result in or require the creation or imposition of any Lien prohibited by this Agreement.

Section 5.03. Enforceable Obligations. This Agreement has been duly executed and delivered by the Borrower and each Guarantor. This Agreement is the legal, valid and binding obligation of the Borrower and each Guarantor enforceable against the Borrower and such Guarantor, respectively, in accordance with its terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally. The Notes are the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally. The making and performance by the Borrower and each Guarantor of this Agreement and the other Credit Documents do not require any license, consent or approval of, registration with, or any other action by, any governmental authority.

Section 5.04. Financial Statements. (%3)The Consolidated balance sheet of the Borrower and its Subsidiaries as of June 29, 2016 and the related Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the fiscal year then ended, copies of which have been furnished to each Bank, as included in an SEC Filing which has been furnished to each Bank, fairly present the Consolidated financial condition of the Borrower and its Subsidiaries as of such date and the Consolidated results of operations of the Borrower and its Subsidiaries ended on such date, in accordance with GAAP, except as disclosed therein or on Schedule V to this Agreement.

(a) Since June 29, 2016, except as disclosed in an SEC Filing which has been delivered to each Bank prior to the Second Amendment Effective Date or on a Schedule to this Agreement, no event which has or would reasonably be expected to have a Material Adverse Effect has occurred; provided that solely with respect to clause (a) of the definition of “Material Adverse Effect”, the impact of the Coronavirus (also known as COVID-19) pandemic on the financial condition or business operations of the Borrower and its Subsidiaries, on a Consolidated basis, that occurred and was disclosed to the Banks in writing prior to the Fifth Amendment Effective Date will be disregarded for purposes of this representation.

Section 5.05. Litigation. There is no pending or, to the knowledge of the Borrower or any Guarantor, threatened action or proceeding affecting the Borrower or any of its Significant Subsidiaries before any court, governmental agency or arbitrator, which has, or would reasonably be expected to have, a Material Adverse Effect.

Section 5.06. Margin Stock; Use of Proceeds. Neither the Borrower nor any of its Subsidiaries is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation T, U or X issued by the Board of Governors of the Federal Reserve System and except in connection with employee plans disclosed to the Administrative Agent), and no proceeds of any Advance will be used for the purpose, whether immediate, incidental or ultimate, of buying or carrying any such margin stock under such circumstances as to involve the Borrower, a Guarantor, any of their Subsidiaries or any Bank in a violation of Regulation U. None of the Borrower, the Guarantors or any of their Subsidiaries will use the proceeds of any Advance for the purpose of acquiring or attempting to acquire control of any Person which is obligated to make SEC Filings unless such acquisition or attempted acquisition (a) is pursuant to an agreement with such Person, or (b) is not resisted by such Person.

Section 5.07. Investment Company Act. Neither the Borrower nor any of its Subsidiaries is an “investment company” or a company “controlled” by an “investment company” within the meaning of the Investment Company Act of 1940.

Section 5.08. ERISA. The Borrower and its Subsidiaries are in compliance with the applicable provisions of ERISA, except to the extent that non-compliance thereunder does not have and would not reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any of its Subsidiaries has incurred any Insufficiency or any material liability to the PBGC in connection with any Plan established or maintained by the Borrower or such Subsidiaries which would have, or would reasonably be expected to have, a Material Adverse

Effect. Except as would not reasonably be expected to have a Material Adverse Effect, neither the Borrower nor any of its Subsidiaries currently or within the last five years has sponsored, maintained, contributed to or had an obligation to make contributions to or has any liability (contingent or otherwise) to any “multiemployer plan” (as such term is defined by Section 4001(a)(3) of ERISA).

Section 5.09. Taxes. As of the Second Amendment Effective Date, the United States of America federal income tax returns of the Borrower and its Subsidiaries have been examined through the fiscal year ended June 25, 2014. The Borrower and its Significant Subsidiaries have filed all United States of America Federal income tax returns and all other material domestic tax returns which are required to be filed by them and have paid, or provided for the payment before the same become delinquent of, all taxes due pursuant to such returns or pursuant to any assessment received by the Borrower or any such Significant Subsidiary, other than those taxes (a) contested in good faith by appropriate proceedings or (b) the nonpayment of which does not have, and would not reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Borrower and its Subsidiaries in respect of taxes are adequate in the aggregate.

Section 5.10. Environmental Condition. To the best of Borrower’s knowledge, the Borrower and its Subsidiaries are in compliance with all Environmental Protection Statutes except to the extent that failure to comply does not have, and would not reasonably be expected to have, a Material Adverse Effect.

Section 5.11. Ownership of the Guarantors. On the Second Amendment Effective Date, the Borrower owns, directly or indirectly, 100% of the issued and outstanding voting stock of each Guarantor.

Section 5.12. Solvency. The Borrower and each Guarantor is, and after giving effect to the making of the Advances and to the application of the proceeds therefrom will be, Solvent.

Section 5.13. Disclosure. All financial projections concerning the Borrower that have been or are hereafter made available to the Administrative Agent, the Banks and the Joint Lead Arrangers by the Borrower or any of the Borrower’s representatives (or on behalf of the Borrower or such representatives) in connection with this Agreement and the transactions contemplated hereby (the “Projections”) have been prepared in good faith based upon reasonable assumptions. All reports, financial statements, certificates and all other information (other than the Projections), which have been made available to the Administrative Agent, the Banks and the Joint Lead Arrangers by the Borrower or any of the Borrower’s representatives (or on behalf of the Borrower or such representatives) in connection with this Agreement, each other Credit Document and the transactions contemplated thereby, is complete and correct in all material respects as and when furnished and does not, as and when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not misleading. As of the Fourth Amendment Effective Date, the information included in the Beneficial Ownership Certification, if applicable, is true and correct in all respects.

Section 5.14. Anti-Corruption Laws and Sanctions. The Borrower maintains and will maintain in effect policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Borrower and, to the knowledge of the Borrower, its Subsidiaries, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. To the knowledge of the Borrower, neither this Agreement nor any Advances made hereunder will, whether directly or, to the knowledge of the Borrower, indirectly, be used by or for the benefit of a Sanctioned Person or will result in a violation by any party hereto of Anti-Corruption Laws or applicable Sanctions.

Section 5.15. Affected Financial Institution. None of the Borrower or any Guarantor is an Affected Financial Institution.

Section 5.16. Use of Plan Assets. Each Loan Party represents and warrants as of the Fourth Amendment Effective Date that each such Loan Party is not and will not be using “plan assets” (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Loan Party’s entrance into, participation in, administrative of and performance of the Advances, the Secured Bilateral Letters of Credit, the Commitments or this Agreement.

Section 5.17. Beneficial Ownership Certificate. As of the Fourth Amendment Effective Date, the information included in the Beneficial Ownership Certification, if applicable, is true and correct in all respects.

Section 5.18. Covered Entities. No Loan Party is a Covered Entity.

ARTICLE VI.

AFFIRMATIVE COVENANTS

So long as any Advance shall remain unpaid or any Bank shall have any Commitment hereunder, unless the Majority Banks shall otherwise consent in writing:

Section 6.01. Compliance with Laws, Etc. The Borrower and each Guarantor will comply, and Borrower will cause each Significant Subsidiary to comply, in all material respects with all Applicable Laws (including, without limitation, ERISA and applicable Environmental Protection Statutes), rules, regulations and orders, subject to the exceptions provided elsewhere in this Agreement in provisions relating to laws, rules, regulations and orders of the nature referenced therein and except where the failure to comply (a) is contested in good faith by appropriate proceedings or (b) does not have, and would not reasonably be expected to have, a Material Adverse Effect. The Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

Section 6.02. Reporting Requirements. The Borrower and/or the Guarantors will furnish to each of the Banks:

(a) As soon as possible and in any event within five (5) days after a Financial Officer of the Borrower or a Guarantor obtains knowledge of a Default or an event which, with the giving of notice, the lapse of time or both, would constitute a Default, which shall have occurred and is continuing on the date of such statement, a statement of a Financial Officer, setting forth the details of such Default or event and the actions, if any, which the Borrower has taken and proposes to take with respect thereto.

(b) Promptly after they are available, and in any event within sixty (60) days after the end of each of the first three (3) quarters of each fiscal year of the Borrower, Consolidated financial statements of the Borrower and its Consolidated Subsidiaries for such quarter showing on a Consolidated basis the financial position, results of operations and cash flows as of the end of and for the thirteen (13) week period of such quarter and for the period from the beginning of the fiscal year to the end of such quarter, in each case setting forth the comparable information for the comparable period in the preceding fiscal year, and accompanied by a certificate of a Financial Officer to the effect that such financial statements present fairly in all material respects the Consolidated financial position, results of operations and cash flows of the Borrower and its Consolidated Subsidiaries as of the end of and for the respective period in conformity with GAAP, subject to year-end audit adjustments and the absence of certain notes. For any such fiscal quarter the foregoing requirements may be satisfied by the delivery of the Borrower's SEC Filing on Form 10-Q for such quarter.

(c) Promptly after they are available, and in any event within ninety (90) days after the end of each fiscal year of the Borrower, Consolidated financial statements of the Borrower and its Consolidated Subsidiaries for the fifty-two/fifty-three week period of such fiscal year showing the financial position, results of operations and cash flows as of the end of and for such fiscal year, in each case setting forth the comparable information for the preceding fiscal year, and accompanied by the report of KPMG Peat Marwick or other independent certified public accountants of recognized national standing, to the effect that based on an audit using generally accepted auditing standards the financial statements present fairly, in all material respects, the Consolidated financial position, results of operations and cash flows of the Borrower and its Consolidated Subsidiaries for the respective periods in conformity with GAAP. For any fiscal year this requirement may be satisfied by the delivery of the Borrower's SEC Filing on Form 10-K for such fiscal year.

(d) During the Limitation Period, promptly after they are available, and in any event within thirty (30) days after the end of each fiscal month of the Borrower ended during the Limitation Period, internally prepared Consolidated financial statements of the Borrower and its Consolidated Subsidiaries for such month showing on a Consolidated basis the financial position, results of operations and cash flows as of the end of and for such fiscal month and for the period from the beginning of the fiscal year to the end of such fiscal month, in each case (other than with respect to cash flows), setting forth the comparable information for the comparable period in the preceding fiscal year, and accompanied by a certificate of a Financial Officer to the effect that such financial statements present fairly in all material respects the Consolidated financial position, results of operations and cash flows of the Borrower and its Consolidated Subsidiaries as of the end of and for the respective period; provided that such financial statements shall not be required to be in

conformity with GAAP, but shall be in form and reasonable detail satisfactory to the Administrative Agent.

(e) Concurrently with the delivery of the financial statements referred to in Sections 6.02(b) and (c), (i) a certificate of a Financial Officer to the effect that no Default or an event which, with the giving of notice, the lapse of time or both, would constitute a Default, shall have occurred and be continuing with respect to the covenants contained in Section 7.01 (together with appropriate supporting schedules setting forth the calculations relating to such covenants) or, if such Financial Officer has knowledge that a Default or an event which, with the giving of notice, the lapse of time or both, would constitute a Default, has occurred and is continuing with respect to Section 7.01, specifying the nature thereof and the actions, if any, which the Borrower has taken and proposes to take with respect thereto, and (ii) a complete and correct list of the Significant Subsidiaries as of the date thereof, showing, as to each Significant Subsidiary, the correct name thereof, the jurisdiction of its organization and such Significant Subsidiary's proportionate share of the Consolidated assets of the Borrower.

(f) The Borrower shall provide the following cash flow reports, in each case in form reasonably satisfactory to the Administrative Agent: (a) on or prior to the first Wednesday after the date that is thirty (30) days after the Fifth Amendment Effective Date (or such later date as may be agreed to by the Administrative Agent in writing in its sole discretion), the Borrower shall prepare and deliver to the Administrative Agent for distribution to each Bank a rolling cash flow forecast in reasonable detail for the 13-week period commencing as of such date (the "Initial Cash Flow Forecast") and (b) thereafter, on each 4th subsequent Wednesday, an updated Cash Flow Forecast for the succeeding 13-week period (the "Updated Cash Flow Forecast" and, together with the Initial Cash Flow Forecast, the "Cash Flow Forecasts") each along with a certificate of a Financial Officer of the Borrower to the effect that such Cash Flow Forecast reflects the Borrower's good faith projection of all weekly cash receipts and disbursements and ending balance of available cash (as of the last Business Day of each week). Additionally, on each Thursday, the Borrower shall provide a report for the week ending the previous Friday, along with a certificate of a Financial Officer, in form reasonably satisfactory to the Administrative Agent, specifying (A) the cash on hand in deposit accounts at the beginning of such week, (B) cash receipts received during such week, (C) cash disbursed during such week in payment of expenses, (D) the cash on hand in deposit accounts at the end of such week and (E) a comparison of such amounts to the comparable amounts in the Cash Flow Forecast for such week and in the aggregate for the applicable Cash Flow Forecast period.

(g) Promptly after they are available, copies of (i) each SEC Filing, (ii) any reports provided by the Borrower to its stockholders, and (iii) any press releases or other statements made available by the Borrower or any of its Subsidiaries to the public generally concerning material developments in the business or affairs of the Borrower or any of its Subsidiaries. Any matter disclosed in a SEC Filing or other report or press release delivered to Banks shall be deemed disclosed in writing to Banks for all purposes of this Agreement, except with respect to the reporting requirement set forth in Section 6.02(a).

(h) Promptly (and in any event, within five (5) days) upon Borrower's receipt of notice of any change in a Rating, notice thereof to the Administrative Agent.

(i) Promptly following any request therefor, provide information and documentation reasonably requested by the Administrative Agent or any Bank for purposes of compliance with applicable “know your customer” and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act and the Beneficial Ownership Regulation.

(j) Such other information respecting the financial condition of the Borrower and its Subsidiaries, or compliance with the terms of this Agreement, as any Bank through the Administrative Agent may from time to time reasonably request in writing.

The Borrower and each Guarantor hereby acknowledges that (a) the Administrative Agent and/or the Joint Lead Arrangers will make available to the Banks materials and/or information provided by or on behalf of the Borrower hereunder (collectively, “Borrower Materials”) by posting the Borrower Materials on IntraLinks, Syndtrack, ClearPar or another similar electronic system (the “Platform”) and (b) certain of the Banks (each, a “Public Bank”) may have personnel who do not wish to receive material non-public information with respect to the Borrower or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons’ securities (all Banks who are not a “Public Bank” shall be referred to as a “Private Bank”). Any Bank desiring to be designated a Public Bank shall do so by identifying itself as a Public Bank by selection of a Public Bank designation on the Platform prior to receiving any of the Borrower Materials, and failing to do so such Bank shall be presumed to be a Private Bank for all purposes under this Agreement. The Borrower hereby agrees that (w) all Borrower Materials that are to be made available to Public Banks shall be clearly and conspicuously marked “PUBLIC” which, at a minimum, shall mean that the word “PUBLIC” shall appear prominently on the first page thereof; (x) by marking Borrower Materials “PUBLIC,” the Borrower shall be deemed to have authorized the Administrative Agent, the Joint Lead Arrangers and the Banks to treat such Borrower Materials as not containing any material non-public information with respect to the Borrower or its securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Confidential Information, they shall be treated as set forth in Section 10.12); (y) all Borrower Materials marked “PUBLIC” are permitted to be made available through a portion of the Platform designated “Public Side Information;” and (z) the Administrative Agent and the Joint Lead Arrangers shall be entitled to treat any Borrower Materials that are not marked “PUBLIC” as being suitable only for posting on a portion of the Platform not designated “Public Side Information.”

Section 6.03. Use of Proceeds. (1) The Borrower will use the proceeds of the Advances only for working capital and general corporate purposes and not in contravention of Section 5.06.

(a) No part of the proceeds of any Advance will knowingly be used, whether directly or indirectly, (i) in furtherance of an offer, payment, promise to pay, authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person or in any Sanctioned Country or (iii) in any manner that would result in the violation by the Borrower, a Guarantor, any Subsidiary, the Administrative Agent or any Bank of any applicable Sanctions.

Section 6.04. Maintenance of Insurance. The Borrower will maintain, or cause to be maintained, insurance coverages on or in respect of its and its Subsidiaries' business or properties with such insurers, in such amounts and covering such risks as are consistent with the Borrower's normal practices in effect from time to time. Such insurance arrangements may include self-insurance or insurance through an Affiliate.

Section 6.05. Preservation of Corporate Existence, Etc. Each of the Borrower and the Guarantor will preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its Corporate Franchises in the jurisdiction of its incorporation, and qualify and remain qualified, and cause each Subsidiary to qualify and remain qualified, as a foreign corporation in each jurisdiction in which qualification is necessary or desirable in view of its business and operations or the ownership of its properties unless the failure to so qualify as a foreign corporation does not have, and would not reasonably be expected to have, a Material Adverse Effect, provided, however, that nothing herein contained shall prevent any transaction permitted by Section 7.03; provided, further, that any Guarantor or other Subsidiary may change its state of organization to another state of the United States of America.

Section 6.06. Payment of Taxes, Etc. The Borrower and each Guarantor will pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (a) all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or property that are material in amount, prior to the date on which penalties attach thereto and (b) all lawful claims that are material in amount which, if unpaid, might by law become a Lien upon its property unless the failure to timely pay any of the foregoing does not have and would not reasonably be expected to have a Material Adverse Effect, provided, however, that neither the Borrower, nor any Guarantor, nor any such Subsidiary shall be required to pay or discharge any such tax, assessment, charge, levy, or claim which is being contested in good faith and by appropriate proceedings.

Section 6.07. Visitation Rights. The Borrower shall permit the representatives of each Bank, at the expense of such Bank and upon reasonable prior notice to the Borrower, to visit the principal executive office of the Borrower, and to discuss the affairs, finances and accounts of the Borrower and its Subsidiaries at the Borrower's offices with Financial Officers.

Section 6.08. Compliance with ERISA and the Code. The Borrower and its Subsidiaries will comply, and will cause each other member of any Controlled Group to comply, with all minimum funding requirements, and all other material requirements, of ERISA and the Code, if applicable, to any Plan it or they sponsor or maintain, so as not to (a) give rise to any liability thereunder which has, or would reasonably be expected to have, a Material Adverse Effect or (b) cause any Termination Event to occur which has, or would reasonably be expected to have, a Material Adverse Effect. The Borrower shall ensure that neither it nor any of its Subsidiaries, maintain, contribute to or incur an obligation to make contributions to or incur any liability (contingent or otherwise) to any "multiemployer plan" (as such term is defined by Section 4001(a)(3) of ERISA), except as would not reasonably be expected to have a Material Adverse Effect.

Section 6.09. Additional Guarantors. Within thirty (30) days after the Borrower reports results of operations for any fiscal quarter hereafter in which the revenues on a twelve-month trailing basis of any Subsidiary which is not a Guarantor account for 10% or more of the revenues of the Borrower on a Consolidated basis, the Borrower will cause such Subsidiary to guaranty the obligations of the Borrower hereunder by entering into a joinder to this Agreement in form and substance reasonably acceptable to the Administrative Agent (the "Guarantor Joinder"). In addition, within thirty (30) days after the Borrower reports results of operations for any fiscal quarter hereafter for which non-guarantor Subsidiaries account on a twelve-month trailing basis for greater than 50% of revenues of the Borrower on a Consolidated basis, the Borrower shall cause additional Subsidiaries to guaranty the obligations of the Borrower hereunder by entering into one or more Guarantor Joinders such that Guarantors, in the aggregate, will account for greater than 50% of the revenues of the Borrower on a Consolidated basis. The foregoing notwithstanding, in no event shall any Subsidiary that is a Real Property Holding Company be required to execute and deliver a Guarantor Joinder, or otherwise guaranty or grant collateral security in respect of the Obligations.

Section 6.10. Collateral Requirement. Within 45 days (or such longer period of time agreed to by the Administrative Agent in writing in its sole discretion) of the Third Amendment Effective Date, each Loan Party shall grant a perfected first-priority security interest and continuing Lien (subject to Permitted Liens) in favor of the Administrative Agent, for the benefit of the Secured Parties, on all of its Collateral to secure the Obligations by delivering to the Administrative Agent a customary security agreement, in form and substance reasonably satisfactory to the Administrative Agent (together with each other security agreement and security agreement supplement, in each case as amended, the "Security Agreement"), duly executed by each Loan Party, together with:

(a) proper financing statements in form appropriate for filing under the UCC of all jurisdictions that the Administrative Agent may deem necessary or desirable in order to perfect the Liens created under the Security Agreement and the other Collateral Documents, covering the Collateral described in the Security Agreement and the other Collateral Documents; and

(b) favorable opinions of counsel to the Loan Parties covering items customary for transactions contemplated by this Section 6.10.

Each Loan Party, at the sole cost and expense of the Loan Parties, shall promptly upon request by the Administrative Agent, or any Bank through the Administrative Agent, (a) correct any defect or error that may be discovered in any Collateral Document or in the execution, acknowledgment, filing or recordation thereof, and (b) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, certificates, assurances and other instruments as the Administrative Agent, or any Bank through the Administrative Agent, may reasonably require from time to time in order to (i) carry out more effectively the provisions of the Collateral Documents, (ii) to the fullest extent permitted by applicable law, subject the Collateral to the Liens in favor of the Administrative Agent (on behalf of the Secured Parties), (iii) perfect and maintain the validity, effectiveness and priority of any of the Collateral Documents and any of the Liens (subject to Permitted Liens) created thereunder and (iv) assure, convey, grant, assign,

transfer, preserve, protect and confirm more effectively unto the Administrative Agent (on behalf of the Secured Parties) the rights now or hereafter granted to the Secured Parties under any Collateral Document or under any other instrument executed in connection with any Collateral Document to which any Loan Party is a party.

Section 6.11. Covenant to Guarantee and Give Security. Notwithstanding anything in Sections 6.09 and 6.10 to the contrary:

(a) Within 30 days (or such longer period of time agreed to by the Administrative Agent in writing in its sole discretion) of the Fifth Amendment Effective Date, at the sole cost and expense of the Loan Parties, each Loan Party shall grant (subject only to Permitted Liens) a security interest and continuing Lien in favor of the Administrative Agent, for the benefit of the Secured Parties, on all of its Intellectual Property, Pledged Debt and Pledged Equity and all other personal property and assets of the Loan Parties (other than Excluded Assets) to secure the Obligations by delivering to the Administrative Agent a customary Security Agreement or amendment to the existing Security Agreement, in form and substance reasonably satisfactory to the Administrative Agent, duly executed by each Loan Party, together with:

(i) a customary Perfection Certificate, duly executed by each of the Loan Parties, which includes a description of the real and personal properties of such Loan Party, in detail reasonably satisfactory to the Administrative Agent;

(ii) customary Intellectual Property Security Agreements, in form and substance reasonably satisfactory to the Administrative Agent, duly executed by the applicable Loan Parties;

(iii) copies of UCC, United States Patent and Trademark Office and United States Copyright Office, tax and judgment lien searches, or equivalent reports or searches, each of a recent date listing all effective financing statements, lien notices or comparable documents (together with copies of such financing statements and documents) that name any Loan Party as debtor and that are filed in those state and county jurisdictions in which any Loan Party is organized or maintains its principal place of business and such other searches that are required by the Perfection Certificate or that the Administrative Agent deems necessary or appropriate, none of which encumber the Collateral covered or intended to be covered by the Collateral Documents (other than Permitted Liens);

(iv) certificates and instruments representing the Pledged Equity and Pledged Debt constituting Collateral therein accompanied by undated stock powers or instruments of transfer executed in blank; and

(v) to the extent requested by the Administrative Agent, customary opinions of counsel with respect to the matters addressed by this Section 6.11(a) as the Administrative Agent may reasonably request.

(b) Within 30 days (or such longer period of time agreed to by the Administrative Agent in writing in its sole discretion) of the Fifth Amendment Effective Date, at the sole cost and expense

of the Loan Parties, each Loan Party shall cause each direct or indirect wholly-owned Domestic Subsidiary (other than any Excluded Subsidiary), and cause each direct and indirect wholly-owned parent company that is a Domestic Subsidiary (other than any Excluded Subsidiary) of such Subsidiary (if it has not already done so), to duly execute and deliver to the Administrative Agent (i) one or more Guarantor Joinders, in form and substance reasonably satisfactory to the Administrative Agent, guaranteeing all Loan Parties' obligations under the Credit Documents, (ii) Security Agreement Supplements, Perfection Certificate, Intellectual Property Security Agreements and other security and pledge agreements, as specified by and in form and substance reasonably satisfactory to the Administrative Agent (including delivery of all certificates, if any, representing the Pledged Equity and Pledged Debt in and of such Subsidiary, and other instruments of the type specified in Section 6.11(a), in each case, to the extent constituting Collateral), securing payment of all the Obligations of the Loan Parties under the Credit Documents and constituting Liens on all such interests and personal properties, and (iii) a signed copy of a favorable opinion, addressed to the Administrative Agent and the other Secured Parties, of counsel for the Loan Parties acceptable to the Administrative Agent as to the matters as the Administrative Agent may reasonably request.

(c) Upon the formation or acquisition of any new direct or indirect wholly-owned Domestic Subsidiary (other than any Excluded Subsidiary) by any Loan Party (including, without limitation, upon the formation of any wholly-owned Domestic Subsidiary that is a Division Successor), then the Loan Parties shall, at the Loan Parties' expense, within 30 days after such formation or acquisition, cause such Subsidiary, and cause each direct and indirect wholly-owned parent company that is a Domestic Subsidiary (other than any Excluded Subsidiary) of such Subsidiary (if it has not already done so), to (i) duly execute and deliver to the Administrative Agent one or more Guarantor Joinders, in form and substance reasonably satisfactory to the Administrative Agent, guaranteeing the other Loan Parties' obligations under the Credit Documents, (ii) duly execute and deliver to the Administrative Agent Security Agreement Supplements, Perfection Certificate, Intellectual Property Security Agreements and other security and pledge agreements, as specified by and in form and substance reasonably satisfactory to the Administrative Agent (including delivery of all certificates, if any, representing the Pledged Equity and Pledged Debt in and of such Subsidiary, and other instruments of the type specified in Section 6.11(a), in each case, to the extent constituting Collateral), securing payment of all the Obligations of the Loan Parties under the Credit Documents and constituting Liens on all such interests and personal properties, (iii) take whatever action (including the filing of Uniform Commercial Code financing statements, the giving of notices and the endorsement of notices on title documents) may be necessary or advisable in the opinion of the Administrative Agent to vest in the Administrative Agent (or in any representative of the Administrative Agent designated by it) valid and subsisting Liens on the properties purported to be subject to the Security Agreement Supplements, Intellectual Property Security Agreements and security and pledge agreements delivered pursuant to this Section 6.11, enforceable against all third parties in accordance with their terms, and (iv) upon the request of the Administrative Agent in its sole discretion, a signed copy of a favorable opinion, addressed to the Administrative Agent and the other Secured Parties, of counsel for the Loan Parties acceptable to the Administrative Agent as to the matters as the Administrative Agent may reasonably request.

(d) Upon the acquisition of any personal property by any Loan Party (including, without limitation, any acquisition pursuant to a Division), if such property constitutes Collateral and, in

the judgment of the Administrative Agent, shall not already be subject to a perfected first priority security interest in favor of the Administrative Agent for the benefit of the Secured Parties, or at the time that any Excluded Assets cease to constitute Excluded Assets, then the Borrower shall, at the Borrower's expense cause the applicable Loan Party to (i) duly execute and deliver to the Administrative Agent Security Agreement Supplements, Intellectual Property Security Agreement Supplements and other security and pledge agreements as specified by and in form and substance reasonably satisfactory to the Administrative Agent, securing payment of all the Obligations of the Loan Parties under the Credit Documents and constituting Liens on all such properties, (ii) take whatever action (including the filing of Uniform Commercial Code financing statements, the giving of notices and the endorsement of notices on title documents) may be necessary or advisable in the opinion of the Administrative Agent to vest in the Administrative Agent (or in any representative of the Administrative Agent designated by it) valid and subsisting Liens on such property, enforceable against all third parties, and (iii) deliver to the Administrative Agent, upon the request of the Administrative Agent in its sole discretion, a signed copy of a favorable opinion, addressed to the Administrative Agent and the other Secured Parties, of counsel for the Loan Parties acceptable to the Administrative Agent as to the matters as the Administrative Agent may reasonably request.

(e) At any time upon request of the Administrative Agent, promptly execute and deliver any and all further instruments and documents and take all such other action as the Administrative Agent may deem necessary or desirable in obtaining the full benefits of, or (as applicable) in perfecting and preserving the Liens of, such guaranties, Security Agreement Supplements, Intellectual Property Security Agreements and other security and pledge agreements.

ARTICLE VII.

NEGATIVE COVENANTS

So long as any Advance shall remain unpaid or any Bank shall have any Commitment to the Borrower hereunder, without the written consent of the Majority Banks:

Section 7.01. Financial Covenants. The Borrower will not:

(a) as of the last day of any fiscal quarter for the immediately preceding twelve (12) month period, permit the ratio of (i) the sum of (A) EBIT of the Borrower, on a Consolidated basis, plus (B) Rent Expense of the Borrower, on a Consolidated basis, to (ii) the sum of (A) Interest Expense of the Borrower, on a Consolidated basis, plus (B) Rent Expense of the Borrower, on a Consolidated basis, to be less than the ratio set forth opposite the fiscal quarter end in the table below:

Fiscal Quarter Ended	Minimum Ratio
September 23, 2020	1.00 to 1.00
December 23, 2020	1.25 to 1.00
March 24, 2021 and thereafter	1.50 to 1.00

(b) as of the last day of any fiscal quarter, beginning with the fiscal quarter ending September 23, 2020, permit the ratio (the “Debt to Cash Flow Ratio”) of (i) the sum of (x) Debt of the Borrower, on a Consolidated basis, plus (y) the product of six multiplied by Rent Expense of the Borrower, on a Consolidated basis, for the immediately preceding twelve-month period, to (ii) the sum of (a) EBITDA of the Borrower, on a Consolidated basis, for the immediately preceding twelve-month period, plus (b) Rent Expense of the Borrower, on a Consolidated basis, for the immediately preceding twelve-month period to exceed 4.75 to 1.0.

Section 7.02. Negative Pledge. Neither the Borrower nor the Guarantors will create, assume, incur or suffer to exist, or permit any of its respective Subsidiaries to create, assume, incur or suffer to exist, any Lien on or in respect of any of its or their assets or property used, created or consumed in the operation of its or their business, whether, real, personal, or mixed, whether tangible or intangible, whether now owned or hereafter acquired, including, without limitation, the capital stock of any Subsidiary of the Borrower, but excluding any margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), or assign or otherwise convey, or permit any such Subsidiary to assign or otherwise convey, any right to receive income, in each case to secure or provide for the payment of any Debt of any Person, except Permitted Liens. For the avoidance of doubt, no Loan Party or any of its Subsidiaries shall create, assume, incur or suffer to exist, any Lien on or in respect of any of its Intellectual Property or any of its Principal Property, in each case, except as permitted under this Agreement.

Section 7.03. Merger, Sale of Assets and Sale-Leasebacks. Neither the Borrower, the Guarantors nor any of their respective Subsidiaries will:

(a) merge or consolidate with or into any other Person (including, in each case, pursuant to a Division) unless (i) (A) either the Borrower or such Guarantor is the surviving entity, (B) such merger or consolidation is between Subsidiaries (other than a Guarantor (except as would be permitted by clause (A) of this clause (a) or the last proviso of Section 6.05) or (C) such merger or consolidation is between a Subsidiary (other than a Guarantor (except as would be permitted by clause (A) of this clause (a))) and another Person (other than a Guarantor (except as would be permitted by clause (A) of this clause (a))), and (ii) no Default or an event which, with the giving of notice, the lapse of time or both, would constitute a Default, shall have occurred and be continuing at the time of, or shall result from, such merger or consolidation;

(b) sell, lease or otherwise transfer any of their assets in one transaction or in a series of transactions and whether effected pursuant to a Division or otherwise; provided that the Borrower, the Guarantors or any of their Subsidiaries may sell, lease or otherwise transfer assets (i) in the ordinary course of business, (ii) to the Borrower, any Guarantor or, so long as no Default or an event which, with the giving of notice, the lapse of time or both, would constitute a Default, shall have occurred and is continuing at the time of, or result from, any such sale, lease or transfer, any Subsidiaries, (iii) in connection with a Sale-Leaseback Transaction otherwise permitted by Section 7.03(c) of this Agreement, and (iv) in any other case, so long as the aggregate book value of all such assets sold, leased or transferred in reliance upon this clause (iv) (and, for the avoidance of doubt, without giving effect to any transfers permissibly consummated in reliance upon the prior

clauses (i), (ii), or (iii)) shall not exceed fifteen percent (15%) of the Consolidated total assets of the Borrower as of the Second Amendment Effective Date for the term of this Agreement; provided, further, that no sale, lease or transfer consummated in reliance upon the prior clause (iii) or (iv) will be permitted pursuant to this Section 7.03(b) if a Default or an event which, with the giving of notice, the lapse of time or both, would constitute a Default, shall have occurred and is continuing at the time of, or result from, any such sale, lease or transfer; or

(c) enter into any agreement or arrangement with any other Person providing for the sale or transfer by any Loan Party or any of its Subsidiaries of real or personal property to such Person and the leasing back of such property from such other Person or any other Person to or from whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of a Loan Party or any of its Subsidiaries (such transactions, "Sale-Leaseback Transactions"); provided that the Borrower, the Guarantors or any of their Subsidiaries may enter into and consummate (i) Sale-Leaseback Transactions between the Borrower and a Subsidiary or between Subsidiaries, (ii) prior to the Third Amendment Effective Date, up to \$150,000,000 in Sale-Leaseback Transactions, and (iii) on and after the Third Amendment Effective Date, an aggregate of up to \$450,000,000 (plus such additional amounts representing obligations incurred in connection with fees, costs and expenses incurred in connection with the consummation of the subject Sale-Leaseback Transactions) of Sale-Leaseback Transactions during the term of this Agreement, so long as after giving effect thereto the Borrower is in compliance on a pro forma basis with the Debt to Cash Flow Ratio covenant in Section 7.01(b); provided, further, that no Sale-Leaseback Transaction will be permitted pursuant to this Section 7.03(c) if a Default or an event which, with the giving of notice, the lapse of time or both, would constitute a Default, shall have occurred and is continuing at the time of, or result from, any such Sale-Leaseback Transaction.

Section 7.04. Agreements to Restrict Dividends, Certain Transfers and Liens. Neither the Borrower nor the Guarantors will enter into or suffer to exist, or permit any Significant Subsidiary to enter into or suffer to exist, any consensual encumbrance or restriction on the ability of the Borrower, any Guarantor or any Significant Subsidiary, as the case may be, (a) to pay, directly or indirectly, dividends or make any other distributions in respect of its capital stock or pay any Debt or other obligation owed to the Borrower, a Guarantor or to any Significant Subsidiary, (b) to make loans or advances to the Borrower, a Guarantor or any Significant Subsidiary, (c) to guarantee the Debt of the Borrower, or (d) to create, incur, assume or suffer to exist Liens on property of such Person, provided, however, that (1) this clause (d) shall not prohibit (i) any negative pledge incurred or provided in favor of any holder of obligations permitted hereunder secured by Liens of the type under clauses (d), (h), (i), (k) or (l) of the definition of Permitted Liens but solely to the extent any such negative pledge relates to the property that constitutes security for the obligations secured thereby (other than with respect to this clause (d)(i), any such negative pledge that restricts any Liens on any Intellectual Property or any Principal Property, in each case, except as otherwise permitted by this Agreement), (ii) customary anti-assignment provisions contained in any lease, license or other contract, and (iii) those encumbrances and restrictions existing on the Second Amendment Effective Date and described on Schedule IV and those now or hereafter existing that are not more restrictive in any respect than such encumbrances and restrictions described on Schedule IV, and (2) the foregoing shall not prohibit (A) restrictions applicable to assets subject to an agreement for the sale or disposition of such assets, to the extent such disposition is permitted

by this Agreement or is conditioned on the receipt of an amendment or consent in respect thereof, and (B) customary encumbrances and restrictions set forth in definitive documentation governing Sale-Leaseback Transactions, so long as the Borrower in good faith determines that such encumbrances and restrictions will not impair the ability of the Borrower to make principal or interest payments on the Obligations.

Section 7.05. Transactions with Affiliates. Except as otherwise permitted in Section 7.03, neither the Borrower nor any Guarantor will make any material sale to, make any material purchase from, extend material credit to, make material payment for services rendered by, or enter into any other material transaction with, or permit any of their respective Subsidiaries to make, any material sale to, make any material purchase from, extend material credit to, make material payment for services rendered by, or enter into any other material transaction with, any Affiliate of the Borrower or any Guarantor or of such Subsidiary unless such sales, purchases, extensions of credit, rendition of services and other transactions are (at the time such sale, purchase, extension of credit, rendition of services or other transaction is entered into) (a) in the ordinary course of business, or (b) on terms and conditions believed by the Borrower to be fair in all material respects to the Borrower or such Guarantor or such Subsidiary, as the case may be.

Section 7.06. Change of Business. The Borrower, the Guarantors and their Subsidiaries, on an aggregate basis, will not materially change the general nature of their primary business.

Section 7.07. Limitation on Advances and Investments. Neither the Borrower nor the Guarantors will, or will permit any of their respective Subsidiaries to, make or permit to exist, any loans, advances or capital contributions to, or make any investment in, or purchase or commit to purchase any stock or other securities or evidences of indebtedness of or interests in any other Person which is not, or which will not become in connection with such transaction, a Subsidiary ("Investments"), except:

(a) Liquid Investments;

(b) trade and customer accounts receivable which are for goods furnished or services rendered in the ordinary course of business and are payable in accordance with customary trade terms;

(c) at any time after the termination of the Limitation Period, Investments not otherwise permitted by this Section 7.07 in any Person or Persons, together with Restricted Payments permitted under Section 7.10(c), in a maximum aggregate amount of \$50,000,000 during the term of this Agreement, so long as (1) after giving effect to the Investments (and any related Borrowing or other incurrence of Debt), the Debt to Cash Flow Ratio is equal to or less than 4.50 to 1.00 on a pro forma basis as of the last fiscal quarter for which financial statements have been delivered to the Administrative Agent in accordance with the terms hereof, and (2) immediately before and after giving effect thereof, no Default or event which, with the giving of notice, the lapse of time or both, would constitute a Default shall have occurred and be continuing or would result therefrom; and

(d) Investments existing on the Second Amendment Effective Date and described on Schedule VI.

Section 7.08. Accounting Practices. The Borrower and each of its Significant Subsidiaries will maintain its books of record and account in conformity with GAAP.

Section 7.09. Debt. The Borrower and each Guarantor will not, and will not permit any of their respective Subsidiaries to, directly or indirectly, create, incur or suffer to exist any direct, indirect, fixed or contingent liability for any Debt, other than (i) the obligations pursuant to the Credit Documents, (ii) the Debt described on Schedule VII, (iii) additional Debt of the Borrower which may be guaranteed by a Guarantor (but not guaranteed by any of the Borrower's or the Guarantor's Subsidiaries, other than a Guarantor in the case of Debt of the Borrower), (iv) intercompany Debt, (v) additional Debt of the Guarantors and the Borrower's and the Guarantor's Subsidiaries incurred in connection with Capitalized Lease Obligations, provided, however, the aggregate of all Debt of the Guarantors and all such Subsidiaries under this clause (v), whether secured or unsecured, must not exceed \$17,000,000 in the aggregate at any one time, and (vi) Debt of Real Property Holdings Companies incurred in connection with Sale-Leaseback Transactions otherwise permitted to be consummated in accordance with Section 7.03(c) of this Agreement.

Section 7.10. Restricted Payments. Neither the Borrower nor any Guarantor will, or will permit any of their respective Subsidiaries to, declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except that, so long as no Default or event which, with the giving of notice, the lapse of time or both, would constitute a Default shall have occurred and be continuing at the time of any action described below or would result therefrom:

(a) each Subsidiary may make Restricted Payments to the Borrower or any other Subsidiary whose outstanding Equity Interests are 100% owned, directly or indirectly, by the Borrower; provided, however, no Loan Party may make any Restricted Payments to any Subsidiary that is not a Loan Party; and

(b) at any time after the termination of the Limitation Period, the Borrower may make and declare any Restricted Payments, together with Investments permitted under Section 7.07(c), in a maximum aggregate amount of \$50,000,000 during the term of this Agreement, so long as after giving effect to the Restricted Payments (and any related Borrowing or other incurrence of Debt), the Debt to Cash Flow Ratio is equal to or less than 4.50 to 1.00 on a pro forma basis as of the last fiscal quarter for which financial statements have been delivered to the Administrative Agent in accordance with the terms hereof.

ARTICLE VIII.

DEFAULTS

Section 8.01. Defaults. If any of the following events (each individually, a "Default") shall occur and be continuing:

(a) the Borrower (i) shall fail to pay any principal of any Advance when the same becomes due and payable in accordance with the terms hereof, or (ii) shall fail to pay any interest on any Advance or any fee or other amount to be paid by it hereunder within three (3) Business Days of the date on which such payment is due; or

(b) any certification, representation or warranty made by the Borrower or a Guarantor herein or by the Borrower or a Guarantor (or any of their respective officers) in writing (including representations and warranties deemed made pursuant to Sections 2.04(a)(G), or 3.02) under or in connection with any Credit Document shall prove to have been incorrect in any material respect when made or deemed made; or

(c) the Borrower or a Guarantor shall fail to perform or observe (i) any term, covenant or agreement contained in Section 7.01 on its part to be performed or observed, (ii) any term, covenant or agreement contained in Sections 6.03 or 6.05 (with respect to maintaining the corporate existence of the Borrower or a Guarantor) or in Article VII (other than Section 7.01) on its part to be performed or observed and such failure shall continue for five (5) days after the date notice thereof shall have been given to the Borrower or such Guarantor by the Administrative Agent or any Bank, or (iii) any term, covenant or agreement contained in any Credit Document (other than a term, covenant or agreement described in clauses (a), (b) above and subclauses (i) and (ii) of clause (c)) on its part to be performed or observed and such failure shall continue for thirty (30) days after the date notice thereof shall have been given to the Borrower or the applicable Guarantor by the Administrative Agent or any Bank; or

(d) the Borrower, the Guarantors, or any of their respective Subsidiaries shall fail to pay any principal of or premium or interest on any of its Debt which is outstanding in a principal amount of at least \$50,000,000 in the aggregate (excluding Debt consisting of the Advances) when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt, or any event of default or other event shall occur or condition shall exist under any agreement or instrument creating or evidencing such Debt in such principal amount, and shall continue after the applicable grace period, if any, specified in such agreement or instrument if the effect of such event or condition is to accelerate, or to permit the holder or holders of any such Debt or any trustee or agent on its or their behalf to accelerate, the maturity of such Debt, provided, however, a Default or an event which, with the giving of notice, the lapse of time or both, would constitute a Default, shall have occurred or be continuing for purposes of this clause (d) shall not be deemed to exist due to the acceleration of the maturity of any obligation to a Bank or an affiliate (within the meaning of Regulation U) of a Bank solely by reason of a default in the performance of a term or condition in any agreement or instrument under or by which such obligation is created, evidenced or secured, which term or condition restricts the right of the Borrower or any other Person to sell, pledge or otherwise dispose of any margin stock (within the meaning of Regulation U) held by the Borrower or any such other Person; or

(e) the Borrower, a Guarantor, or any Significant Subsidiary shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted

by or against the Borrower, a Guarantor or any Significant Subsidiary seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), shall remain undismissed or unstayed for a period of sixty (60) days; or the Borrower, a Guarantor or any Significant Subsidiary shall take any corporate action to authorize any of the actions set forth above in this clause (e); or

(f) any judgment or order against the Borrower, a Guarantor or any of their respective Consolidated Subsidiaries is rendered for the payment of money in excess of \$50,000,000 over the sum of available insurance therefor and adequate cash reserves for which have not been established and set aside solely for the purpose of payment of such judgment or order and such judgment or order remains unsatisfied and either (i) enforcement proceedings shall have been commenced by the creditor upon such judgment or order or (ii) there shall be any period of sixty (60) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(g) the Borrower shall cease to own directly or indirectly 100% of the issued and outstanding voting stock of the Guarantors; or

(h) any Person shall become the “beneficial owner” (as defined under Exchange Act Rule 13d-3) of at least a majority of the outstanding voting common stock of the Borrower;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Majority Banks, after providing notice to the Borrower, declare all of the Commitments and the obligation of each Bank to make Advances to be terminated, whereupon all of the Commitments and each such obligation shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Majority Banks, by notice to the Borrower declare the Advances, all interest thereon and all other amounts payable by the Borrower and the Guarantors under this Agreement to be forthwith due and payable, whereupon such Advances, such interest and all such amounts shall become and be forthwith due and payable, without requirement of any presentment, demand, protest, notice of intent to accelerate, further notice of acceleration or other further notice of any kind (other than the notice expressly provided for above), all of which are hereby expressly waived by the Borrower and each Guarantor, provided, however, that in the event of any Default described in Section 8.01(e) with respect to the Borrower or any Guarantor, (A) all of the Commitments and the obligation of each Bank to make Advances shall automatically be terminated and (B) the Advances, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or any other notice of any kind, all of which are hereby expressly waived by the Borrower and each Guarantor.

Section 8.02. Application of Funds. After the exercise of remedies provided for in Section 8.01 (or after the Advances have automatically become immediately due and payable as set forth in the proviso to Section 8.01), any amounts received on account of the Obligations shall,

subject to the provisions of Section 2.18, be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including (i) fees, charges and disbursements of counsel to the Administrative Agent, to the extent payable pursuant to Section 10.04 hereof, and (ii) amounts payable under Article II) due and payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal, interest and commitment fees) due and payable to the Banks (including (i) fees, charges and disbursements of counsel to the respective Banks arising under the Credit Documents, to the extent payable pursuant to Section 10.04 hereof, and (ii) amounts payable under Article II, ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting unpaid commitment fees and interest, ratably among the Banks in respect of the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Advances and Obligations then owing under Secured Hedge Agreements, Secured Cash Management Agreements and Secured Bilateral Letters of Credit, ratably among the Banks, the Hedge Banks, the Cash Management Banks, and the LOC Banks in proportion to the respective amounts described in this clause Fourth held by them; and

Last, the balance, if any, after all of the Obligations have been paid in full, to the Borrower or as otherwise required by laws.

Notwithstanding the foregoing, Obligations arising under Secured Cash Management Agreements, Secured Hedge Agreements, and the Secured Bilateral Letters of Credit shall be excluded from the application described above if the Administrative Agent has not received written notice thereof, together with such supporting documentation as the Administrative Agent may request, from the applicable Cash Management Bank, Hedge Bank or LOC Bank as the case may be. Each Cash Management Bank, Hedge Bank or LOC Bank not a party to this Agreement that has given the notice contemplated by the preceding sentence shall be deemed to have acknowledged and accepted the appointment of the Administrative Agent pursuant to the terms of Article IX hereof for itself and its Affiliates as if a “Bank” party hereto. Excluded Swap Obligations with respect to any Guarantor shall not be paid with amounts received from such Guarantor or such Guarantor’s assets, but appropriate adjustments shall be made with respect to payments from other Loan Parties to preserve the allocation to Obligations otherwise set forth above in this Section 8.02.”

ARTICLE IX.

THE ADMINISTRATIVE AGENT

Section 9.01. Authorization and Action. (1) Each Bank hereby appoints and authorizes the Administrative Agent to take such action as administrative agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the Advances), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Majority Banks, and such instructions shall be binding upon all Banks, provided, however, that the Administrative Agent shall not be required to take any action which exposes the Administrative Agent to personal liability or which is contrary to this Agreement or Applicable Law. The provisions of this Article are solely for the benefit of the Administrative Agent and the Banks, and none of the Borrower or the Guarantors shall have any rights as a third party beneficiary of any such provisions.

(a) The Administrative Agent may perform any of and all its duties and exercise its rights and powers hereunder or under any other Credit Document by or through any one or more sub-agents (that is/are Affiliate(s) of the Administrative Agent) appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facility provided for herein as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

(b) The Administrative Agent shall also act as the “collateral agent” under the Credit Documents, and each of the Banks (including in its capacities as a potential Hedge Bank, a potential Cash Management Bank, and a potential LOC Bank) hereby irrevocably appoints and authorizes the Administrative Agent to act as the agent of such Bank for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Administrative Agent, as “collateral agent” and any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent pursuant to Section 9.01(b) for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents, or for exercising any rights and remedies thereunder at the direction of the Administrative Agent), shall be entitled to the benefits of all provisions of this Article IX and Article X (including Section 10.04, as though such co-agents, sub-agents and attorneys-in-fact were the “collateral agent” under the Credit Documents) as if set forth in full herein with respect thereto.

Section 9.02. Administrative Agent’s Reliance, Etc. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable to the Banks for any action taken or omitted to be taken by it or them under or in connection with this Agreement,

except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Administrative Agent: (i) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable to the Banks for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (ii) makes no warranty or representation to any Bank and shall not be responsible to any Bank for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iii) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or to inspect the property (including the books and records) of the Borrower or any of its Subsidiaries; (iv) shall not be responsible to any Bank for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (v) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing; (vi) except as expressly set forth in the Credit Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower, any Subsidiary or any other Affiliate of any of the foregoing that is communicated to or obtained by the Person serving as Administrative Agent or any of its Affiliates in any capacity; (vii) shall not be responsible for or have any duty to ascertain or inquire into the satisfaction of any condition set forth in Article III or elsewhere in any Credit Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent or satisfaction of any condition that expressly refers to the matters described therein being acceptable or satisfactory to the Administrative Agent; (viii) shall incur no liability to the Banks under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier or other electronic communications) believed by it to be genuine and signed or sent by the proper party or parties and (ix) shall incur no liability to the Banks under or in respect of this Agreement by acting upon any statement made to it orally or by telephone and believed by it to be made by the proper Person (including, if applicable, a Financial Officer of such Person).

Section 9.03. Knowledge of Defaults. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of a Default (other than a failure to make a payment of principal of or interest on the Advances) unless the Administrative Agent has received notice from a Bank or the Borrower specifying such Default and stating that such notice is a "Notice of Default". In the event that the Administrative Agent receives such a notice of a Default, the Administrative Agent shall give prompt notice thereof to the Banks. The Administrative Agent shall (subject to Section 9.08 hereof) take such action with respect to such Default as shall be directed by the Majority Banks, provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable in the best interest of the Banks except to the extent that this Agreement expressly requires that such action be taken, or not be taken, only with the consent or upon the authorization of the Majority Banks or all of the Banks.

Section 9.04. Rights of the Administrative Agent as a Bank. With respect to all its Commitments and the Advances made by it, the Person serving as the Administrative Agent shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it were not the Administrative Agent; and the term “Bank” or “Banks” shall, unless otherwise expressly indicated, include such Person in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, act as financial advisor or in any other advisory capacity and generally engage in any kind of business with, the Borrower, any of its Subsidiaries and any Person who may do business with or own securities of the Borrower or any such Subsidiary, all as if such Person was not the Administrative Agent and without any duty to account therefor to the Banks.

Section 9.05. Bank Credit Decision. (1) Each Bank expressly acknowledges that none of the Administrative Agent nor any Joint Lead Arranger has made any representation or warranty to it, and that no act by the Administrative Agent or any Joint Lead Arranger hereafter taken, including any consent to, and acceptance of any assignment or review of the affairs of any Loan Party of any Affiliate thereof, shall be deemed to constitute any representation or warranty by the Administrative Agent or any Joint Lead Arranger to any Bank as to any matter, including whether the Administrative Agent or any Joint Lead Arranger have disclosed material information in their (or their Related Parties’) possession. Each Bank represents and acknowledges that it has, independently and without reliance upon the Administrative Agent, any Joint Lead Arranger or any other Bank and based on the financial statements referred to in Section 5.04 and such other documents and information as it has deemed appropriate, made its own credit analysis of, appraisal of, and investigation into, the business, prospects, operations, property, financial and other condition and creditworthiness of the Loan Parties and their Subsidiaries, and all applicable bank or other regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrower hereunder. Each Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent, any Joint Lead Arranger or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under or based upon this Agreement, any other Credit Document or any related agreement or any document furnished hereunder or thereunder, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Loan Parties. Each Bank represents and warrants that (i) the Credit Documents set forth the terms of a commercial lending facility and (ii) it is engaged in making, acquiring or holding commercial loans in the ordinary course and is entering into this Agreement as a Bank for the purpose of making, acquiring or holding commercial loans and providing other facilities set forth herein as may be applicable to such Bank, and not for the purpose of purchasing, acquiring or holding any other type of financial instrument, and each Bank agrees not to assert a claim in contravention of the foregoing. Each Bank represents and warrants that it is sophisticated with respect to decisions to make, acquire and/or hold commercial loans and to provide other facilities set forth herein, as may be applicable to such Bank, and either it, or the Person exercising discretion in making its decision to make, acquire and/or hold such commercial loans or to provide such other facilities, is experienced in making, acquiring or holding such commercial loans or providing such other facilities.

(a) Each Bank, by delivering its signature page to this Agreement and funding its Advances on the Effective Date, Second Amendment Effective Date, Fourth Amendment Effective Date, or delivering its signature page to an Assignment or an Accession Agreement pursuant to which it shall become a Bank hereunder, shall be deemed to have acknowledged receipt of, and consented to and approved, each Credit Document and each other document required to be delivered to, or be approved by or satisfactory to, the Administrative Agent or the Banks on the Effective Date, Second Amendment Effective Date and the Fourth Amendment Effective Date.

Section 9.06. Successor Administrative Agent. The Administrative Agent may resign at any time by giving written notice thereof to the Banks and the Borrower. Upon any such resignation, the Majority Banks shall have the right to appoint a successor Administrative Agent that, unless a Default shall have occurred and then be continuing, is acceptable to the Borrower. If no successor Administrative Agent shall have been so appointed by the Majority Banks, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation or the Majority Banks' removal of the retiring Administrative Agent, then the retiring Administrative Agent may, on behalf of the Banks, appoint a successor Administrative Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and having total assets of at least \$1,000,000,000; provided that if the Administrative Agent shall notify the Borrower and the Banks that no Person satisfying such requirements has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under each other Credit Document and with respect to the transactions contemplated hereby and (2) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Bank, until such time as the Majority Banks appoint a successor Administrative Agent as provided for above in this Section. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's resignation or removal hereunder as Administrative Agent, the provisions of this Article IX shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

Section 9.07. Joint Lead Arrangers and Bookrunners, Syndication Agents and Documentation Agents. The Joint Lead Arrangers and Bookrunners, Syndication Agents and Documentation Agents named on the cover page of this Agreement, in their capacities as such, shall have no obligation, responsibility or required performance hereunder and shall not become liable in any manner to any party hereto in respect hereof.

Section 9.08. INDEMNIFICATION. THE ADMINISTRATIVE AGENT SHALL NOT BE REQUIRED TO TAKE ANY ACTION HEREUNDER OR TO PROSECUTE OR DEFEND ANY SUIT IN RESPECT OF THIS AGREEMENT OR THE NOTES, UNLESS INDEMNIFIED TO ITS SATISFACTION BY THE BANKS AGAINST LOSS, COST,

LIABILITY AND EXPENSE. IF ANY INDEMNITY FURNISHED TO THE ADMINISTRATIVE AGENT SHALL BECOME IMPAIRED, IT MAY CALL FOR ADDITIONAL INDEMNITY AND CEASE TO DO THE ACTS INDEMNIFIED AGAINST UNTIL SUCH ADDITIONAL INDEMNITY IS GIVEN. IN ADDITION, THE BANKS, JOINTLY AND SEVERALLY, AGREE TO INDEMNIFY THE ADMINISTRATIVE AGENT (TO THE EXTENT NOT REIMBURSED BY THE BORROWER OR A GUARANTOR) FROM AND AGAINST ANY AND ALL LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, AGREEMENTS, SUITS, COSTS, EXPENSES OR DISBURSEMENTS OF ANY KIND OR NATURE WHATSOEVER WHICH MAY BE IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST THE ADMINISTRATIVE AGENT IN ANY WAY RELATING TO OR ARISING OUT OF THE CREDIT DOCUMENTS OR ANY ACTION TAKEN OR OMITTED BY THE ADMINISTRATIVE AGENT UNDER THE CREDIT DOCUMENTS, PROVIDED THAT NO BANK SHALL BE LIABLE TO THE ADMINISTRATIVE AGENT FOR ANY PORTION OF SUCH LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, AGREEMENTS, SUITS, COSTS, EXPENSES OR DISBURSEMENTS RESULTING FROM THE ADMINISTRATIVE AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. WITHOUT LIMITATION OF THE FOREGOING, EACH BANK EXPRESSLY AGREES TO INDEMNIFY THE ADMINISTRATIVE AGENT FROM ITS OWN NEGLIGENCE. EACH BANK AGREES TO REIMBURSE THE ADMINISTRATIVE AGENT PROMPTLY UPON DEMAND FOR ITS RATABLE SHARE, CALCULATED IN ACCORDANCE WITH ITS TOTAL COMMITMENT, OF ANY OUT-OF-POCKET EXPENSES (INCLUDING COUNSEL FEES INCURRED BY THE ADMINISTRATIVE AGENT IN CONNECTION WITH THE PREPARATION, EXECUTION, DELIVERY, ADMINISTRATION, MODIFICATION, AMENDMENT OR ENFORCEMENT WHETHER THROUGH NEGOTIATIONS, LEGAL PROCEEDINGS OR OTHERWISE OF, OR LEGAL ADVICE IN RESPECT OF RIGHTS OR RESPONSIBILITIES UNDER, THE CREDIT DOCUMENTS) TO THE EXTENT THAT THE ADMINISTRATIVE AGENT IS NOT REIMBURSED FOR SUCH EXPENSES BY THE BORROWER OR A GUARANTOR. THIS SECTION 9.08 SHALL NOT APPLY WITH RESPECT TO TAXES OTHER THAN ANY TAXES THAT REPRESENT LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, AGREEMENTS, SUITS, COSTS, EXPENSES, ETC. ARISING FROM ANY NON-TAX CLAIM.

Section 9.09. Collateral Matters. Each Bank (including in its capacities as a potential Cash Management Bank, a potential Hedge Bank, and a potential LOC Bank) irrevocably authorizes the Administrative Agent, at its option and in its discretion,

(a) to release any Lien on any property granted to or held by the Administrative Agent under any Credit Document (i) upon termination of the Total Commitments and payment in full of all Obligations (other than contingent indemnification obligations), (ii) that is sold or to be sold as part of or in connection with any sale permitted hereunder or under any other Credit Document, or (iii) subject to Section 10.01, if approved, authorized or ratified in writing by the Majority Banks;

(b) to subordinate any Lien on any property granted to or held by the Administrative Agent under any Credit Document to the holder of any Lien on such property that is permitted by clause (g) or (i) in the definition of Permitted Liens; and

(c) upon request by the Administrative Agent at any time, the Majority Banks will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of property pursuant to this Section 9.09.

Section 9.10. Certain ERISA Matters.

(a) Each Bank, (x) represents and warrants, as of the date such Person became a Bank party hereunder, to, and (y) covenants, from the date such Person becomes a Bank hereunder, from the date such Person becomes a Bank party hereunder to the date such Person ceases being a Bank party to this Agreement, for the benefit of, the Administrative Agent and the Joint Lead Arrangers and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that at least one of the following is and will be true:

(i) such Bank is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Bank's entrance into, participation in, administration of and performance of the Advances, the Secured Bilateral Letters of Credit, the Commitments or this Agreement;

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Bank's entrance into, participation in, administration of and performance of the Advances, the Secured Bilateral Letters of Credit, the Commitments and this Agreement;

(iii) (A) such Bank is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Bank to enter into, participate in, administer and perform the Advances, the Secured Bilateral Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Advances, the Secured Bilateral Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Bank, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Bank's entrance into, participation in, administration of and performance of the Advances, the Secured Bilateral Letters of Credit, the Commitments and this Agreement; or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Bank.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Bank or (2) a Bank has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Bank further (x) represents and warrants, as of the date such Person became a Bank party hereto, to, and (y) covenants, from the date such Person became a Bank party hereto to the date such Person ceases being a Bank party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that the Administrative Agent is not a fiduciary with respect to the assets of such Bank involved in such Bank's entrance into, participation in, administration of and performance of the Advances, the Secured Bilateral Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Credit Document or any documents related hereto or thereto).

Section 9.11. Secured Cash Management Agreements, Secured Hedge Agreements, and Secured Bilateral Letters of Credit. Except as otherwise expressly set forth herein, no Cash Management Bank, Hedge Bank, or LOC Bank that obtains the benefits of Section 8.02, any guaranty or any Collateral by virtue of the provisions hereof or of any guaranty by any Guarantor or any Collateral Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Credit Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) other than in its capacity as a Bank and, in such case, only to the extent expressly provided in the Credit Documents. Subject to the next sentence but notwithstanding any other provision of this Article IX to the contrary, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Obligations arising under Secured Cash Management Agreements, Secured Hedge Agreements, or Secured Bilateral Letters of Credit unless the Administrative Agent has received written notice of such Obligations, together with such supporting documentation as the Administrative Agent may request, from the applicable Cash Management Bank, Hedge Bank, LOC Bank or the Borrower, as the case may be. The Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to Obligations arising under Secured Cash Management Agreements, Secured Hedge Agreements or Secured Bilateral Letters of Credit upon termination of the Total Commitments and payment in full of all Obligations (other than (A) contingent indemnification obligations and (B) obligations and liabilities under Secured Cash Management Agreements, Secured Hedge Agreements and Secured Bilateral Letters of Credit). Each Cash Management Bank, Hedge Bank and LOC Bank acknowledges and agrees that the Liens and guarantees under the Credit Documents shall be released at such time as the Obligations, excluding those under the Secured Cash Management Agreements, Secured Hedge Agreements and Secured Bilateral Letters of Credit, are repaid in full.

ARTICLE X.

MISCELLANEOUS

Section 10.01. Amendments, Etc. No amendment or waiver of any provision of any Credit Document, nor consent to any departure by the Borrower or the Guarantors therefrom, shall in any event be effective unless the same shall be in writing and signed by the Borrower and the Majority Banks and acknowledged by Administrative Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given, provided, however, that no amendment, waiver or consent shall do any of the following: (a) extend or increase any Commitment of any Bank or subject any Bank to any additional obligations without the consent of such Bank, (b) reduce the principal of, or interest on, any Advances of any Bank or any fees or other amounts payable to any Bank hereunder without the consent of such Bank, provided, however, that only the consent of the Majority Banks shall be necessary (i) to amend the definition of “Default Rate” or to waive any obligation of the Borrower to pay interest at the Default Rate or (ii) to amend any financial covenant hereunder (or any defined term used therein) even if the effect of such amendment would be to reduce the rate of interest on any Advance or Borrowing or to reduce any fee payable hereunder, (c) postpone any date fixed for any payment of principal of, or interest on, any Advances or any fees or other amounts payable hereunder without the consent of each affected Bank, (d) change the definition of “Majority Banks” or any other provision hereof specifying the number or percentage of Banks required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the consent of each Bank, (e) release the Borrower or Brinker Restaurant or otherwise change any obligation of the Borrower or Brinker Restaurant to pay any amount payable by the Borrower or Brinker Restaurant hereunder without the consent of each Bank, or (f) release all or substantially all of the Guarantors or release all or substantially all of the Collateral without the consent of each Bank, or (g) amend this Section 10.01 without the consent of each Bank; provided, further, that no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Banks required above to take such action, affect the rights or duties of the Administrative Agent under any Credit Document; provided, further that, each of the Bank of America Fee Letter, the JPMCB Fee Letter, the Wells Fargo Fee Letter and the Upfront Fee Letter may be amended, or rights and privileges thereunder waived or modified in a writing executed only by all of the respective parties thereto; and provided, further, that no amendment, waiver or consent shall, unless in writing and signed by the applicable Guarantor in addition to any other party required above to take such action, affect the rights or duties of such Guarantor under any Credit Document. Notwithstanding anything to the contrary herein, no Defaulting Bank shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Banks or each affected Bank may be effected with the consent of the applicable Banks other than Defaulting Banks), except that (x) no Commitment of any Defaulting Bank may be increased or extended without the consent of such Bank and (y) any waiver, amendment or modification requiring the consent of all Banks or each affected Banks that by its terms affects any Defaulting Bank more adversely than other affected Banks shall require the consent of such Defaulting Bank.

Section 10.02. Notices, Etc. All notices and other communications provided for in this Agreement and each other Credit Document shall be in writing (including telecopy or email communication) and mailed, telecopied or emailed or delivered, if to any Bank as specified on Schedule I hereto or specified pursuant to an Assignment; if to the Borrower or the Guarantors,

as specified opposite its name on Schedule II hereto; or, as to the Borrower, the Guarantors or the Administrative Agent, at such other address as shall be designated by such party in a prior written notice to the other parties (provided that such address of each of Borrower, the Guarantors and the Administrative Agent for notice purposes shall be an address in the United States) and, as to each other party, at such other address as shall be designated by such party in a prior written notice to the Borrower, such Guarantor and the Administrative Agent. All such notices and communications shall, when mailed, telecopied or emailed, be effective when deposited in the mails, sent by telecopier to any party to the telecopier number as set forth herein or on Schedule I or Schedule II hereto (or other telecopy number specified by such party in a written notice to the other parties hereto), or sent by email to the addresses set forth herein or on Schedule I or Schedule II hereto, respectively, except that notices to the Administrative Agent pursuant to Article II or IX shall not be effective until received by the Administrative Agent by physical delivery or telecopy.

Section 10.03. No Waiver; Remedies. No failure on the part of any Bank or the Administrative Agent to exercise, and no delay in exercising, any right under any Credit Document shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies provided in the Credit Documents are cumulative and not exclusive of any remedies provided by law. Notwithstanding anything to the contrary contained herein or in any Credit Document, the authority to enforce rights and remedies hereunder and under the Credit Documents against the Borrower and the Guarantors or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Article VIII for the benefit of all the Banks; provided, however, that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder, (b) any Bank from exercising setoff rights in accordance with Section 10.05, or (c) any Bank from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to the Borrower or the Guarantors under any insolvency, bankruptcy, reorganization, receivership or other debtor relief law; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder, then (i) the Majority Banks shall have the rights otherwise ascribed to the Administrative Agent pursuant to Article VIII and (ii) in addition to the matters set forth in clauses (b), (c) and (d) of the preceding proviso, any Bank may, with the consent of the Majority Banks, enforce any rights and remedies available to it and as authorized by the Majority Banks.

Section 10.04. Costs, Expenses and Taxes. (1) The Borrower agrees to pay on demand (i) all reasonable out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, execution, delivery, administration, modification and amendment or waiver of any Credit Document, including, without limitation, the reasonable fees and out-of-pocket expenses of one primary counsel to the Administrative Agent (and in the case of reasonable fees and out-of-pocket expenses of such special counsel in connection with the preparation, execution and delivery of this Agreement and the other Credit Documents prior to and on the Effective Date, to the extent presented to the Borrower for payment no later than

thirty (30) days following the Effective Date) and fees, costs and expenses of financial advisors, with respect to advising the Administrative Agent and (ii) all reasonable out-of-pocket costs and expenses, if any (including, without limitation, reasonable counsel fees and expenses and fees and expenses of financial advisors), of the Administrative Agent and each Bank in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) against the Borrower or the Guarantors of any Credit Document.

(a) THE BORROWER AND EACH GUARANTOR, JOINTLY AND SEVERALLY, AGREES, TO THE FULLEST EXTENT PERMITTED BY LAW, TO INDEMNIFY AND HOLD HARMLESS THE ADMINISTRATIVE AGENT (AND ANY SUB-AGENT THEREOF), THE JOINT LEAD ARRANGERS AND EACH BANK AND EACH OF THEIR RESPECTIVE AFFILIATES AND THEIR AND THEIR AFFILIATES' RESPECTIVE PARTNERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ADVISORS, TRUSTEES, REPRESENTATIVES AND CONTROLLING PERSONS (EACH, AN "INDEMNIFIED PERSON") FROM AND AGAINST ANY AND ALL CLAIMS, DAMAGES, LOSSES, LIABILITIES AND EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE FEES, DISBURSEMENTS AND OTHER CHARGES OF COUNSEL), FOR WHICH ANY INDEMNIFIED PERSON MAY BECOME LIABLE OR WHICH MAY BE INCURRED BY OR ASSERTED OR AWARDED AGAINST ANY SUCH INDEMNIFIED PERSON BY THE BORROWER, A GUARANTOR OR ANY OTHER PERSON, IN EACH CASE IN CONNECTION WITH OR ARISING OUT OF OR BY REASON OF (INCLUDING, WITHOUT LIMITATION, IN CONNECTION WITH ANY INVESTIGATION, LITIGATION, OR PROCEEDING OR PREPARATION OF A DEFENSE IN CONNECTION THEREWITH, WHETHER OR NOT SUCH INDEMNIFIED PERSON IS A PARTY THERETO), (I) THE EXECUTION OR DELIVERY OF THIS AGREEMENT, ANY OTHER CREDIT DOCUMENT, OR ANY AGREEMENT OR INSTRUMENT CONTEMPLATED HEREBY OR THEREBY, THE PERFORMANCE BY THE PARTIES HERETO OF THEIR RESPECTIVE OBLIGATIONS HEREUNDER OR THEREUNDER, THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED HEREUNDER OR THEREUNDER, OR IN THE CASE OF THE ADMINISTRATIVE AGENT (AND ANY SUB-AGENT THEREOF) AND ITS RELATED INDEMNIFIED PERSONS, THE ADMINISTRATION OF THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS (INCLUDING IN RESPECT OF ANY MATTERS ADDRESSED IN SECTION 2.15) OR (II) ANY ADVANCES OR THE USE OR PROPOSED USE OF THE PROCEEDS THEREFROM **(IN ALL CASES, WHETHER OR NOT CAUSED OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY OR SOLE NEGLIGENCE OF THE INDEMNIFIED PERSON)**, EXCEPT TO THE EXTENT ANY SUCH CLAIM, DAMAGE, LIABILITY OR EXPENSE IS FOUND IN A FINAL, NONAPPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED FROM SUCH INDEMNIFIED PERSON'S GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR MATERIAL BREACH OF ANY CREDIT DOCUMENT. THE BORROWER AND EACH GUARANTOR ALSO AGREE THAT NO INDEMNIFIED PERSON SHALL HAVE ANY LIABILITY (WHETHER DIRECT OR INDIRECT, IN CONTRACT OR TORT OR OTHERWISE) TO THE BORROWER OR A GUARANTOR OR THE BORROWER OR A GUARANTOR'S RESPECTIVE SUBSIDIARIES OR AFFILIATES OR TO ANY EQUITY HOLDERS OR CREDITORS OF THE BORROWER OR A GUARANTOR ARISING OUT OF, RELATED TO

OR IN CONNECTION WITH ANY ASPECT OF THE TRANSACTIONS CONTEMPLATED HEREBY, EXCEPT TO THE EXTENT OF DIRECT, AS OPPOSED TO SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE, DAMAGES DETERMINED IN A FINAL, NONAPPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED FROM SUCH INDEMNIFIED PERSON'S GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR MATERIAL BREACH OF ANY CREDIT DOCUMENT. NOTWITHSTANDING ANY OTHER PROVISION CONTAINED HEREIN, NO INDEMNIFIED PERSON SHALL BE LIABLE FOR ANY DAMAGES ARISING FROM THE USE BY OTHERS OF INFORMATION OR OTHER MATERIALS OBTAINED THROUGH ELECTRONIC TELECOMMUNICATIONS OR OTHER INFORMATION TRANSMISSION SYSTEMS, OTHER THAN FOR DIRECT OR ACTUAL DAMAGES RESULTING FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PERSON OR FROM SUCH INDEMNIFIED PERSON'S MATERIAL BREACH OF ANY CREDIT DOCUMENT, IN EACH CASE, AS DETERMINED BY A FINAL AND NONAPPEALABLE JUDGMENT OF A COURT OF COMPETENT JURISDICTION.

Section 10.05. Right of Set-off. Upon (a) the occurrence and during the continuance of a Default pursuant to Section 8.01(a) or (b) the making of the request or the granting of the consent specified by Section 8.01 to authorize the Administrative Agent to declare the Advances due and payable pursuant to the provisions of Section 8.01, each Bank (other than a Defaulting Bank) is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Bank or any affiliate of such Bank to or for the credit or the account of the Borrower or a Guarantor (but not any other Person) against any and all of the obligations of the Borrower or a Guarantor now or hereafter existing under the Credit Documents, irrespective of whether or not such Bank shall have made any demand under this Agreement or any Credit Document and although such obligations may be unmatured, provided that no Bank shall exercise such set-off rights with respect to deposits that such Bank knows are held by the Borrower or a Guarantor for the benefit of another Person (such deposits, "Third Party Funds"), and each Bank agrees that if it has exercised its set-off rights under this Section 10.05 with respect to Third Party Funds, such Bank shall promptly return such Third Party Funds to the Borrower or a Guarantor, as applicable, provided further that in the event that any Defaulting Bank shall receive any property of the Borrower or a Guarantor or payment (including by purported right of set off or otherwise), (x) all amounts so received shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.18 and, pending such payment, shall be segregated by such Defaulting Bank from its other funds and deemed held in trust for the benefit of the Administrative Agent and the other Banks, and (y) the Defaulting Bank shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Debt and other obligations owing to such Defaulting Bank as to which it received such property or payment. Each Bank agrees to notify the Borrower and the applicable Guarantor promptly after such set-off and application made by such Bank, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Bank under this Section 10.05 are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Bank may have.

Section 10.06. Bank Assignments and Participations. (1) Assignments. Any Bank may assign to one or more banks or other entities all or any portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of any of its Commitments, any Advances owing to it, and any Notes held by it) with the consent, not to be unreasonably withheld, of the Administrative Agent and the Borrower (provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof and provided, further that the Borrower shall have no such consent right in the case of assignments to a Bank or any Affiliate of any Bank or if a Default has occurred and is continuing); provided, however, that (i) each such assignment of an assigning Bank's Commitment shall be of a constant, and not a varying, percentage of all of such Bank's rights and obligations under this Agreement in respect of such Commitment, (ii) the amount of each such resulting Commitment, and applicable Advances of the assigning Bank (unless it is assigning all its Commitment) and the assignee Bank pursuant to each such assignment (determined as of the date of the Assignment with respect to such assignment) shall in no event be less than \$10,000,000 for any applicable Commitment and shall be an integral multiple of \$1,000,000 (unless each of the Borrower and the Administrative Agent consents; provided that the Borrower shall have no such consent right if a Default has occurred and is continuing), (iii) each such assignment shall be to an Eligible Assignee, (iv) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment, together with any Note or Notes subject to such assignment, and shall pay all legal and other expenses in respect of such assignment and (v) the assignor or the assignee shall pay to the Administrative Agent an assignment fee of \$3,500 in connection with such assignment (which shall be waivable by the Administrative Agent in its sole discretion). Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment, which effective date shall be at least three (3) Business Days after the execution thereof, (A) the assignee thereunder shall be a party hereto for all purposes and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment, have the rights and obligations of a Bank hereunder and (B) such Bank thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment, relinquish its rights and be released from its obligations to lend under this Agreement (and, in the case of an Assignment covering all or the remaining portion of such Bank's rights and obligations under this Agreement, such Bank shall cease to be a party hereto).

(a) Terms of Assignments. By executing and delivering an Assignment, the Bank thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto the matters set forth in paragraphs 2 and 3 of such Assignment.

(b) The Register. The Administrative Agent shall maintain at its address referred to on Schedule I a copy of each Assignment delivered to and accepted by it and a register for the recordation of the names and addresses of the Banks and all Commitments of, and principal amount of all Advances owing to, each Bank from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent error, and the Borrower, the Guarantors, the Administrative Agent and the Banks may treat each Person whose name is recorded in the Register

as a Bank hereunder for all purposes of this Agreement. In addition, the Administrative Agent shall maintain on the Register information regarding the designation, and revocation of designation, of any Bank as a Defaulting Bank. The Register shall be available for inspection by the Borrower, the Guarantors or any Bank at any reasonable time and from time to time upon reasonable prior notice.

(c) Procedures. Upon its receipt of an Assignment executed by a Bank and an assignee pursuant to the terms of this Agreement, the Administrative Agent shall, if such Assignment has been completed and is in substantially the form of the attached Exhibit C, and otherwise in conformity with this Section 10.06, (i) accept such Assignment, (ii) record the information contained therein in the Register, and (iii) give prompt notice thereof to the Borrower and each Guarantor. Within five (5) Business Days after its receipt of such notice, the Borrower, at its own expense, shall, if the assignee shall so request, execute and deliver to the Administrative Agent, in exchange for any surrendered Note, a new Note to the order of such assignee in an amount equal to the applicable Commitment assumed by it pursuant to such Assignment and, if such assigning Bank has retained any Commitment hereunder and so requests, a new Note to the order of such Bank in an amount equal to the Commitment retained by it hereunder. Such new Notes shall be dated the effective date of such Assignment and shall otherwise be in substantially the form of the attached Exhibit A.

(d) Participations. Each Bank may, without the consent of the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (other than a Defaulting Bank) in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of any of its Commitments, any Advances owing to it, and any Notes held by it), provided, however, that (i) such Bank's obligations under this Agreement (including, without limitation, all of its Commitments to the Borrower hereunder) shall remain unchanged, (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Bank shall remain the holder of any such Notes for all purposes of this Agreement, (iv) the Borrower, the Guarantors, the Administrative Agent and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement and shall have no duties or responsibilities to the participant, (v) such Bank shall not require the participant's consent to any matter under this Agreement, except for changes in the principal amount of such Bank's Commitment, any Note payable to such Bank, in each case, in which the participant has an interest, reductions in such Bank's fees or interest, in which the participant has an interest, the date any amount in which the participant has an interest is due to such Bank hereunder, or extending the applicable Termination Date, and (vi) such Bank shall give prompt notice to the Borrower of each such participation sold by such Bank. No participant shall have any rights under any provisions of any of the Credit Documents. Each Bank that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest hereunder or other obligations under the Credit Documents (the "Participant Register"); provided that no Bank shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Credit Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit

or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Bank shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Permitted Assignments. Notwithstanding any other provision set forth in this Agreement, any Bank may assign all or any portion of its rights under this Agreement (including, without limitation, rights to payments of principal and/or interest under any Notes held by it) to any subsidiary of such Bank or to any Federal Reserve Bank, without notice to or consent from the Borrower or the Administrative Agent, provided, however, that such Bank shall not be released from any of its obligations hereunder as a result of such assignment.

(f) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Bank hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Advances, calculated in accordance with the Defaulting Bank's applicable Commitment, previously requested, required to be funded, but not funded by the Defaulting Bank, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Bank to the Administrative Agent or any Banks hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Advances in accordance with its applicable Commitment. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Bank hereunder shall become effective under applicable law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Bank for all purposes of this Agreement until such compliance occurs.

Section 10.07. Governing Law. This Agreement, the Notes and the other Credit Documents shall be governed by, and construed in accordance with, the laws of the State of Texas (except that Chapter 346 of the Texas Finance Code, which regulates certain revolving credit loan accounts, shall not apply to this Agreement or any other Credit Document).

Section 10.08. Interest. (1) It is the intention of the parties hereto that the Administrative Agent and each Bank shall conform strictly to Applicable Usury Laws from time to time in effect. Accordingly, if the transactions with the Administrative Agent or any Bank contemplated hereby would be usurious under Applicable Usury Laws, then, in that event, notwithstanding anything to the contrary in this Agreement, the Notes, or any other agreement entered into in connection with or as security for this Agreement or the Notes, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under Applicable Usury Laws that is contracted for, taken, reserved, charged or received by the Administrative Agent

or such Bank, as the case may be, under this Agreement, the Notes, or under any other agreement entered into in connection with or as security for this Agreement or the Notes shall under no circumstances exceed the maximum amount allowed by such Applicable Usury Laws and any excess shall be canceled automatically and, if theretofore paid, shall at the option of the Administrative Agent or such Bank, as the case may be, be credited by the Administrative Agent or such Bank, as the case may be, on the principal amount of the obligations owed to the Administrative Agent or such Bank, as the case may be, by the Borrower or refunded by the Administrative Agent or such Bank, as the case may be, to the Borrower, and (ii) in the event that the maturity of any Advance or other obligation payable to the Administrative Agent or such Bank, as the case may be, is accelerated or in the event of any required or permitted prepayment, then such consideration that constitutes interest under Applicable Usury Laws, may never include more than the maximum amount allowed by such Applicable Usury Laws and excess interest, if any to the Administrative Agent or such Bank, as the case may be, provided for in this Agreement or otherwise shall be canceled automatically as of the date of such acceleration or prepayment and, if theretofore paid, shall, at the option of the Administrative Agent or such Bank, as the case may be, be credited by the Administrative Agent or such Bank, as the case may be, on the principal amount of the obligations owed to the Administrative Agent or such Bank, as the case may be, by the Borrower or refunded by the Administrative Agent or such Bank, as the case may be, to the Borrower.

(a) In the event that at any time the rate of interest applicable to any Advance made by any Bank would exceed the Maximum Rate, thereby causing the interest payable under this Agreement or the Notes to be limited to the Maximum Rate, then any subsequent reductions in the applicable rate of interest hereunder or under the Notes shall not reduce the rate of interest charged hereunder or under the Notes below the Maximum Rate until the total amount of interest accrued under this Agreement and the Notes from and after the date hereof equals the amount of interest that would have accrued hereon or thereon if the rates of interest otherwise applicable to this Agreement and the Notes (without limitation by the Maximum Rate) had at all times been in effect. In the event that upon the final payment of all of the Advances made by any Bank and termination of all of the Commitments of such Bank, the total amount of interest paid to such Bank hereunder and under the Notes is less than the total amount of interest which would have accrued if the interest rates applicable to such Advances pursuant to Sections 2.07(a) and (b) had at all times been in effect, then the Borrower agrees to pay to such Bank, to the extent permitted by Applicable Usury Laws, an amount equal to the excess of (a) the lesser of (i) the amount of interest which would have accrued on such Advances if the Maximum Rate had at all times been in effect or (ii) the amount of interest rates applicable to such Advances pursuant to Sections 2.07(a) and (b) had at all times been in effect over (b) the amount of interest otherwise accrued on such Advances in accordance with this Agreement.

(b) The maximum non-usurious rate of interest shall be determined, subject to any applicable Federal law to the extent that it permits Banks to contract for, charge, reserve or receive a greater amount of interest than under the Texas Finance Code or other laws of the State of Texas, by utilizing the applicable weekly ceiling from time to time in effect pursuant to Chapter 303 of the Texas Finance Code. Pursuant to Section 346.004 of the Texas Finance Code, the parties hereto

agree that in no event will the provisions of Chapter 346 of the Texas Finance Code be applicable to the transactions contemplated by the Credit Documents.

Section 10.09. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

Section 10.10. Survival of Agreements, Representations and Warranties, Etc. All warranties, representations and covenants made by the Borrower or the Guarantors or any officer of the Borrower or the Guarantors herein or in any certificate or other document delivered in connection with this Agreement shall be considered to have been relied upon by the Banks and shall survive the issuance and delivery of the Notes and the making of the Advances regardless of any investigation. The indemnities and other obligations of the Borrower contained in this Agreement, and the indemnities by the Banks in favor of the Agent and its officers, directors, employees and agents, will survive the repayment of the Advances and the termination of this Agreement.

Section 10.11. The Borrower's Right to Apply Deposits. In the event that any Bank is placed in receivership or enters a similar proceeding, the Borrower may, to the full extent permitted by law, make any payment due to such Bank hereunder, to the extent of finally collected unrestricted deposits of the Borrower in U.S. Dollars held by such Bank, by giving notice to the Administrative Agent and such Bank directing such Bank to apply such deposits to such indebtedness. If the amount of such deposits is insufficient to pay such indebtedness then due and owing in full, the Borrower shall pay the balance of such insufficiency in accordance with this Agreement.

Section 10.12. Confidentiality. Each Bank and the Administrative Agent agree that they will not disclose without the prior consent of the Borrower and the Guarantors (other than to the Joint Lead Arrangers or any Bank and the affiliates, employees, agents, auditors, accountants, counsel, representatives or other professional advisors (legal or otherwise) of the Administrative Agent, the Joint Lead Arrangers or any Bank who have a contractual, fiduciary or professional duty to maintain the confidentiality of the information and not breach such duty) any information with respect to the Borrower or the Guarantors or their Subsidiaries which is furnished pursuant to this Agreement and which is not disclosed in an SEC Filing, a report to stockholders, a press release, or has otherwise become generally available to the public otherwise than through a breach hereof (the "Confidential Information"), provided that any Bank may disclose any such Confidential Information (a) as may be required or appropriate in any report, statement or testimony submitted to or required by any municipal, state or Federal regulatory body having or claiming to have jurisdiction over such Bank or submitted to or required or requested by the Board of Governors of the Federal Reserve System or the Federal Deposit Insurance Corporation or similar organizations (whether in the United States of America or elsewhere) or their successors, (b) as may be required or appropriate in response to any summons or subpoena in connection with any litigation, (c) in order to comply with any law, order, regulation or ruling applicable to such Bank, (d) to any other party hereto, (e) in connection

with the exercise of any remedies hereunder or under any other Credit Document or any action or proceeding relating to this Agreement or any other Credit Document or the enforcement of rights hereunder or thereunder; and (f) to an assignee or participant or prospective assignee or participant in connection with any contemplated transfer of any of the Notes or any interest therein by such Bank, provided that such assignee or participant or prospective assignee or participant executes an agreement with the Borrower and the Guarantors agreeing to comply with the provisions contained in this Section 10.12. In the event that the Administrative Agent or any Bank becomes legally compelled or otherwise obligated to disclose any of the Confidential Information (other than to regulatory or supervisory authorities having jurisdiction over such Bank) and unless otherwise prohibited by applicable laws or regulations, such Person will promptly, after obtaining knowledge of its obligation to disclose such information, provide the Borrower with notice so that the Borrower may seek a protective order or other appropriate remedy or waive compliance with this Section. In the event such protective order or other remedy is not obtained, such Person will furnish only that portion of the Confidential Information which it is advised by legal counsel is legally required and will exercise its best efforts to obtain reliable assurances that confidential treatment will be accorded the Confidential Information. In the event that compliance with this Section is waived by the Borrower, such Person may disclose any and all information at issue without liability to the Borrower, the Guarantors or any other Person. Notwithstanding the foregoing, the Administrative Agent and each Bank may, and the Borrower hereby authorizes the Administrative Agent and each Bank to, include references to the Borrower, its Subsidiaries and the Guarantors, and utilize any logo or other distinctive symbol associated with the Borrower, its Subsidiaries and the Guarantors, solely in connection with any advertising, promotion or marketing undertaken by the Administrative Agent or such Bank in the ordinary course of its business, or, subject to the Borrower's prior review and approval of any such action by the Administrative Agent or such Bank (which approval shall not be unreasonably withheld), outside of the ordinary course of its business. Each of the Administrative Agent and the Banks acknowledges that (a) it has no interest or right in any logo or other distinctive symbol associated with the Borrower, its Subsidiaries or the Guarantors, except for the limited right to use as expressly permitted by the preceding sentence, and no other rights of any kind are granted hereunder, by implication or otherwise, and (b) the Borrower, such Subsidiary or the Guarantors, as applicable, is the sole and exclusive owner of all right, title and interest in such logo or other distinctive symbol associated with the Borrower, its Subsidiaries or the Guarantors.

Section 10.13. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Borrower, each Guarantor, the Administrative Agent, each Bank and their respective successors and permitted assigns, except that the Borrower and the Guarantors shall not have the right to assign any of their respective rights hereunder or any interest herein without the prior written consent of the Banks. The rights of the Banks to assign this Agreement are set forth in and are subject to the provisions of Section 10.16.

Section 10.14. ENTIRE AGREEMENT. PURSUANT TO SECTION 26.02 OF THE TEXAS BUSINESS AND COMMERCE CODE, A LOAN AGREEMENT IN WHICH THE AMOUNT INVOLVED IN THE LOAN AGREEMENT EXCEEDS \$50,000 IN VALUE IS NOT ENFORCEABLE UNLESS THE LOAN AGREEMENT IS IN WRITING AND

SIGNED BY THE PARTY TO BE BOUND OR THAT PARTY'S AUTHORIZED REPRESENTATIVE.

THE RIGHTS AND OBLIGATIONS OF THE PARTIES TO AN AGREEMENT SUBJECT TO THE PRECEDING PARAGRAPH SHALL BE DETERMINED SOLELY FROM THE WRITTEN LOAN AGREEMENT, AND ANY PRIOR ORAL AGREEMENTS BETWEEN THE PARTIES ARE SUPERSEDED BY AND MERGED INTO THE LOAN AGREEMENT. THIS WRITTEN AGREEMENT, THE OTHER CREDIT DOCUMENTS AND THE COMMITMENT LETTER REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES; PROVIDED THAT IN CASE OF A CONFLICT BETWEEN THE COMMITMENT LETTER AND THIS AGREEMENT, THIS AGREEMENT SHALL CONTROL.

Section 10.15. USA PATRIOT ACT. Each Bank that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Bank) hereby notifies the Borrower and each Guarantor that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrower, each Guarantor and their respective Subsidiaries, which information includes the name and address of the Borrower and other information that will allow such Bank or the Administrative Agent, as applicable, to identify the Borrower, each Guarantor and their respective Subsidiaries in accordance with the Act. The Borrower, each Guarantor and their respective Subsidiaries shall, promptly following a reasonable request by the Administrative Agent or any Bank, provide all documentation and other information that the Administrative Agent or such Bank requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Act.

Section 10.16. No Fiduciary Relationship. The Borrower and each Guarantor, on behalf of itself and its Subsidiaries, agrees that in connection with all aspects of the transactions contemplated hereby and any communications in connection therewith, the Borrower, the Guarantors, the other Subsidiaries and their Affiliates, on the one hand, and the Administrative Agent, the Banks and their Affiliates, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of the Administrative Agent, the Banks or their Affiliates, and no such duty will be deemed to have arisen in connection with any such transactions or communications.

Section 10.17. Severability. If any provision of this Agreement or the other Credit Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Credit Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render

unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 10.17, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Bank shall be limited by any insolvency, bankruptcy, reorganization, receivership or other debtor relief law, as determined in good faith by the Administrative Agent, then such provisions shall be deemed to be in effect only to the extent not so limited.

Section 10.18. Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION. THE ADMINISTRATIVE AGENT, THE BORROWER AND EACH GUARANTOR HEREBY ACKNOWLEDGES THAT THE UNITED STATES ADDRESS DESIGNATED PURSUANT TO SECTION 10.02 SHALL BE SUCH PERSON'S ADDRESS FOR PURPOSES OF SERVICE OF PROCESS HEREUNDER.

Section 10.19. Electronic Execution of Assignments and Certain Other Documents. The words "delivery", "execute," "execution," "signed," "signature," and words of like import in or related to any document to be signed in connection with this Agreement and the transactions contemplated hereby (including without limitation Assignments, amendments or other modifications, Notices of Borrowing, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary the Administrative Agent is under any obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it.

Section 10.20. Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Credit Document or in any other agreement, arrangement or understanding among any such parties, each party hereto

acknowledges that any liability of any Bank that is an Affected Financial Institution arising under any Credit Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Bank that is an Affected Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Credit Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

Section 10.21. Acknowledgement Regarding Any Supported QFCs. To the extent that the Credit Documents provide support, through a guarantee or otherwise, for any Swap Contract or any other agreement or instrument that is a QFC (such support, “QFC Credit Support”, and each such QFC, a “Supported QFC”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regimes”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a “Covered Party”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised

under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Bank shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 10.21, the following terms have the following meanings:

“BHC Act Affiliate” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“Covered Entity” means any of the following: (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

[The balance of this page has been intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWER:

BRINKER INTERNATIONAL, INC.

By: _____
Name:
Title:

GUARANTORS:

BRINKER RESTAURANT CORPORATION

By: _____
Name:
Title:

BRINKER FLORIDA, INC.

By: _____
Name:
Title:

BRINKER TEXAS, INC.

By: _____
Name:
Title:

BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.

By: _____
Name:
Title:

Brinker International, Inc.
Credit Agreement
Signature Page

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.

By: _____

Name:

Title:

Brinker International, Inc.
Credit Agreement
Signature Page

BANKS:

BANK OF AMERICA, N.A.

By: _____

Name:

Title:

Brinker International, Inc.
Credit Agreement
Signature Page

JPMORGAN CHASE BANK, N.A.

By: _____
Name:
Title:

Brinker International, Inc.
Credit Agreement
Signature Page

WELLS FARGO BANK, N.A.

By: _____

Name:

Title:

Brinker International, Inc.
Credit Agreement
Signature Page

MUFG BANK, LTD.

By: _____
Name:
Title:

Brinker International, Inc.
Credit Agreement
Signature Page

TRUIST BANK (as successor by merger to SunTrust Bank)

By: _____
Name:
Title:

Brinker International, Inc.
Credit Agreement
Signature Page

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name:
Title:

Brinker International, Inc.
Credit Agreement
Signature Page

BARCLAYS BANK PLC

By: _____
Name:
Title:

Brinker International, Inc.
Credit Agreement
Signature Page

REGIONS BANK

By: _____
Name:
Title:

Brinker International, Inc.
Credit Agreement
Signature Page

ASSOCIATED BANK NATIONAL ASSOCIATION

By: _____

Name:

Title:

Brinker International, Inc.
Credit Agreement
Signature Page

PNC BANK, NATIONAL ASSOCIATION

By: _____

Name:

Title:

SCHEDULE I-1

128810503_2

SCHEDULE I

BANK AND ADMINISTRATIVE AGENT ADDRESSES

ADMINISTRATIVE AGENT:

(for payments and Requests for Advances):

BANK OF AMERICA, N.A.
101 North Tryon Street
One Independence Center
Mail Code: NC1-001-05-46
Charlotte, NC 28255-0001
Attention: Katrina Burton

Telephone: 980/386.0987
Telecopy: 704/719.8950

(Other Notices as Administrative Agent - for financial statements, compliance certificates, maturity extension and commitment change notices, etc):

Bank of America, N.A.
Agency Management
900 West Trade Street
Gateway Village
Mail Code: NC1-026-06-03
Charlotte, NC 28255-0001
Attention: Kelly Weaver
Email: kelly.weaver@bofa.com
Telephone: 980/387.5452
Telecopy: 704/208.2871

SCHEDULE I-2

128810503_2

CO-SYNDICATION AGENTS:

JPMORGAN CHASE BANK, N.A.
10 South Dearborn Street, 10th Floor
Mail Code: IL1-0010
Chicago, Illinois 60603
Attn: Non-Agented Servicing Team

Telephone: 312/385-7072
Telecopy: 312/256-2608

WELLS FARGO BANK, N.A.

1808 Aston Avenue, #250
Carlsbad, CA 92008
Attn: Denise Crouch

Telephone: 760/918-2700
Telecopy: 866/968/1299

SCHEDULE I-3

128810503_2

BANKS:

BANK OF AMERICA, N.A.

540 W Madison Street
Chicago, IL 60614
Mail code: IL4-540-22-23
Attention: Aron M. Frey

Telephone: 312/828-1773

JPMORGAN CHASE BANK, N.A.

10 South Dearborn Street, 10th Floor
Mail Code: IL1-0010
Chicago, IL 60603
Attn: Non-Agented Servicing Team

Telephone: 312/385-7072

Telecopy: 312/256-2608

WELLS FARGO BANK, N.A.

1808 Aston Avenue, #250
Carlsbad, CA 92008
Attn: Denise Crouch

Telephone: 760/918-2700

Telecopy: 866/968/1299

MUFG BANK, LTD.

1251 Avenue of the Americas
New York, NY 10020
Attn: Rolando Uy

Telephone: 201/413-8570

Telecopy: 201/521-2338

TRUIST BANK (as successor by merger to SunTrust Bank)

200 Crescent Court, Suite 850
Dallas, TX 75201
Attn: Justin Lien

Telephone: 214/880-0104

Telecopy: 214/468-9218

SCHEDULE I-1

128810503_2

US BANK NATIONAL ASSOCIATION
400 City Center
Oshkosh, WI 54901
Attn: Wendee Hable

Telephone: 920/237-7367
Telecopy: 920/237-7993

BARCLAYS BANK PLC
745 7th Avenue, 8th Floor
New York, NY 10019
Attn: Philip Naber

Telephone: 212/526-7375

REGIONS BANK
201 Milan Parkway
Birmingham, AL 35211
Attn: Moronica Fortner

Telephone: 205/420-7726
Telecopy: 205/261-7069

ASSOCIATED BANK NATIONAL ASSOCIATION
5950 Sherry Lane, Suite 450
Dallas, TX 75225
Attn: Dean H. Rosencrans

Telephone: 469/886-6655

PNC BANK, NATIONAL ASSOCIATION
200 Crescent Court, Suite 400
Dallas, TX 75201
Attn: R. Ruining Nguyen

Telephone: 214/871-1232

SCHEDULE I-2

128810503_2

SCHEDULE II

BORROWER AND GUARANTOR ADDRESSES

BORROWER:

BRINKER INTERNATIONAL, INC.
6820 LBJ Freeway
Dallas, Texas 75240

Attn: General Counsel
Telephone: 972/980-9917
Telecopy: 972/770-9465

Copy to: Chief Financial Officer
Telephone: 972/980-9917
Telecopy: 972/628-8722

GUARANTORS:

BRINKER RESTAURANT CORPORATION
BRINKER FLORIDA, INC.
BRINKER TEXAS, INC.
BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.

6820 LBJ Freeway
Dallas, Texas 75240

Attn: General Counsel
Telephone: 972/980-9917
Telecopy: 972/770-9465

Copy to: Chief Financial Officer
Telephone: 972/980-9917
Telecopy: 972/628-8722

SCHEDULE II-1

128810503_2

SCHEDULE III

PERMITTED LIENS

<u>Subsidiary</u>	<u>Amount</u>	<u>Description</u>	<u>Maturity</u>
Brinker Restaurant Corporation (consolidated) (includes \$11,609,766 for Brinker Texas, Inc. and \$1,723,614 for Brinker Florida, Inc.)	\$81,074,424	Liens on assets acquired with respect to Capitalized Lease Obligations	Various dates through 2042

SCHEDULE III-1

SCHEDULE IV

AGREEMENTS RESTRICTING DIVIDENDS, CERTAIN TRANSFERS AND LIENS

None.

SCHEDULE IV-1

SCHEDULE V
GAAP EXCEPTIONS

None.

SCHEDULE V-1

SCHEDULE VI

INVESTMENTS

<u>Company</u>	<u>Amount</u>	<u>Description</u>
Las Nuevas Delicias Gastronomicas, S. De R.L. De C.V.	\$0.00	Mexico joint venture with CMR, S.A.B. de C.V.
Merchant Customer Exchange	\$0.00	Investment in Merchant Customer Exchange

SCHEDULE VI-1

SCHEDULE VII
PERMITTED DEBT

<u>Description</u>	<u>Amount</u>
5.00% Notes due 2024 pursuant to the Indenture dated September 23, 2016, among Brinker International, Inc., the guarantors party thereto and U.S. Bank National Association, as Trustee	\$350,000,000
3.875% Notes due 2023 pursuant to the Indenture dated April 30, 2013, between Brinker International, Inc. and Wilmington Trust, National Association, as Trustee	\$300,000,000
Capitalized Lease Obligations of Brinker Restaurant Corporation (consolidated) (includes \$11,609,766 for Brinker Texas, Inc. and \$1,723,614 for Brinker Florida, Inc.) with various maturity dates through 2042	\$81,074,424
Undrawn standby letters of credits	\$27,188,260

SCHEDULE VII-1

SCHEDULE VIII

COMMITMENTS

Bank	Commitment
Bank of America, N.A.	\$160,000,000.00
JPMorgan Chase Bank, N.A.	\$160,000,000.00
Wells Fargo Bank, National Association	\$160,000,000.00
MUFG Bank, Ltd.	\$125,000,000.00
Truist Bank (as successor by merger to SunTrust Bank)	\$140,000,000.00
U.S. Bank National Association	\$75,000,000.00
Barclays Bank PLC	\$50,000,000.00
Regions Bank	\$50,000,000.00
PNC Bank, National Association	\$50,000,000.00
Associated Bank, National Association	\$30,000,000.00
Total	\$1,000,000,000.00

BRINKER INTERNATIONAL, INC.
TERMS OF
BOARD OF DIRECTORS
RESTRICTED STOCK UNIT AWARD

[Quarterly Grant Date]
("Award Date")

Brinker International, Inc. (the "Company"), acting pursuant to Brinker International, Inc. 1999 Stock Option and Incentive Plan For Non-Employee Directors and Consultants, as amended (the "Plan"), hereby awards to you (the "Participant") a grant of such number of Restricted Stock Units as specified in your Compensation Election Form (the "Award"). For purposes of the Award, a "Restricted Stock Unit" means the right to receive a share of Stock, subject to the satisfaction of all applicable terms and conditions. The Award is in all respects subject to the provisions of the Plan (the terms of which are incorporated herein by reference), these Award terms (the "Award Terms") and your Compensation Election Form.

1. Definitions. For purposes of the Award, the terms listed below are defined as follows:

a. Change in Control. The term "Change in Control" means:

- i. a sale, transfer or other conveyance of all or substantially all of the assets of the Company on a consolidated basis; or
- ii. the acquisition of beneficial ownership (as such term is defined in Rule 13d-3 promulgated under the Securities and Exchange Act of 1934, as amended (the "Exchange Act")) by any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than the Company, directly or indirectly, of securities representing 50% or more of the total number of votes that may be cast for the election of directors of the Company; or
- iii. the failure at any annual or special meetings of the Company's shareholders held during the three-year period following a "solicitation in opposition," as defined in Rule 14a-6 promulgated under the Exchange Act, of a majority of the persons nominated by the Company in the proxy materials mailed to shareholders by the management of the Company to win election to seats on the Board (such majority calculated based upon the total number of persons nominated by the Company failing to win election to seats on the Board divided by the total number of Board members of the Board as of the beginning of such three-year period), excluding only those who die, retire voluntarily, are disabled

or are otherwise disqualified in the interim between their nomination and the date of the meeting.

- b. Committee. The term “Committee” means the Governance and Nominating Committee of the Board.
- c. Disability. The term “Disability” means the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.
- d. Separation from Service. The term “Separation from Service” means the Participant incurs a “separation from service” (within the meaning of Section 409A of the Code) from the Company and all Related Companies.
- e. Plan Definitions. Except where the context clearly implies or indicates the contrary, a word, term, or phrase used in these Award Terms will have the meaning set forth in the Plan.

2. Grant of Award. Pursuant to Section 3 of the Plan, the Participant is hereby awarded the number of Restricted Stock Units as provided in the Participant’s Compensation Election Form. The Restricted Stock Units shall be fully vested as of the Award Date.

3. Transfer of Shares. In payment of the Restricted Stock Units, at the applicable time set forth in this Section 3 and subject to Section 4, the Company will issue a number of shares of Stock to the Participant equal to the number of Restricted Stock Units awarded in Section 2, and the Participant will thereafter own such shares of Stock free of all restrictions described herein. The Participant will have none of the rights of a stockholder of the Company with respect to any shares of Stock underlying the Restricted Stock Units until such time, if any, that the Participant has been determined to be a stockholder of record by the Company’s transfer agent or one or more certificates of shares of Stock are delivered to the Participant in settlement thereof.

a. General Rule. Such shares of Stock will be issued to the Participant during the 60-day period immediately following the Scheduled Payment Date. The term “Scheduled Payment Date” will be determined by the Participant’s election of one of the following:

- i. the one (1) year anniversary of the Award Date;
- ii. the four (4) year anniversary of the Award Date;
- iii. the Participant’s Separation from Service;

- iv. one (1) year after the Participant's Separation from Service; or
- v. two (2) years after the Participant's Separation from Service.

If Participant does not affirmatively make a payment election (or fails to make a timely election) with respect to the Restricted Stock Units, then such Restricted Stock Units will be paid in accordance with Section 3.a(ii).

b. Subsequent Deferral Elections. Notwithstanding the provisions of Section 3.a above, following the determination of the Scheduled Payment Date (as provided in Section 3.a above), Participant may make one or more subsequent elections deferring the Scheduled Payment Date resulting in a delay of the distribution or payment of such Restricted Stock Units until such new date (the "Deferred Payment Date"). Each deferral election must comply with the following:

- i. Each deferral election must be in writing to the Company;
- ii. Each deferral election must be made at least twelve (12) months prior to the Scheduled Payment Date or subsequent Deferred Payment Date, as applicable;
- iii. Each deferral election must apply to all of the Restricted Stock Units;
- iv. Each deferral election shall satisfy the requirements of Section 409A(a)(4)(C) of the Code;
- v. Each deferral election shall apply only to a payment election made pursuant to Sections 3.a(ii), 3.a(iv), or 3.a(v) above;
- vi. Each deferral election shall not take effect until at least twelve (12) months after the date on which such deferral election is made; and
- vii. Each such subsequent election shall defer distribution or payment for a period of five (5) years from the Scheduled Payment Date or subsequent Deferred Payment Date, as applicable.

If a Participant timely elects to defer payment of the Restricted Stock Units, in accordance with Section 409A of the Code and this Section 3.b, then any reference (other than in the second sentence of Section 3.a above) in these Award Terms to the "Scheduled Payment Date" shall be deemed to refer to the applicable Deferred Payment Date.

c. Disability or Death. Notwithstanding Section 3.a and 3.b, upon the Participant's Disability or death prior to the Scheduled Payment Date, such shares of Stock will be issued to the Participant (or to the Participant's beneficiary, in the event of the Participant's death) during the 60-day period immediately following the date of the Participant's Disability or death, as applicable.

d. Change in Control. Notwithstanding Section 3.a and 3.b, upon the occurrence of a Change in Control prior to the Scheduled Payment Date, such shares of Stock will be issued to the Participant during the 60-day period immediately following the effective date of the Change in Control, subject to the terms and conditions of this Award.

e. Section 409A Payment Rules. Notwithstanding Sections 1.a or 3.d or any other provision of these Award Terms to the contrary, if within the meaning of Section 409A of the Code, a Change in Control does not constitute a change (a) in the ownership or effective control of the Company, or (b) in the ownership of a substantial portion of the assets of the Company, then the shares of Stock payable in settlement of the Restricted Stock Units will be paid at the time described above under Section 3 determined without regard to the occurrence of the Change in Control. Furthermore, if the Company makes a good faith determination that a payment (i) constitutes a deferral of compensation for purposes of Section 409A of the Code, (ii) is made to the Participant by reason of his or her Separation from Service and (iii) at the time such payment would otherwise be made the Participant is a “specified employee” (within the meaning of Section 409A of the Code, using the identification methodology selected by the Company from time to time), the payment will be made no sooner than the first day of the seventh month following the date of such Separation from Service.

4. Dividends. The Participant will not be entitled to receive any cash dividends or dividend equivalents with respect to the Restricted Stock Units. However, at the same time that shares of Stock are issued under Section 3 above, the Participant (or the Participant’s beneficiary) will also receive a lump sum cash payment equal to the amount of cash dividends paid by the Company during the period beginning on the Award Date and ending on the date of payment on the number of shares of Stock issued to the Participant (or to the Participant’s beneficiary).

5. Capital Adjustments and Reorganizations. The number of Restricted Stock Units covered by the Award will be subject to equitable adjustment, as determined by the Committee, to reflect any stock dividend, stock split, share combination, separation, reorganization, liquidation or the like, of or by the Company.

6. Heirs and Successors. These Award Terms will be binding upon, and will inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company’s assets and business. Subject to the terms of the Plan, any benefits distributable to a deceased Participant will be distributed to the beneficiary designated by the Participant in writing filed with the Committee in such form as the Committee will require. If a deceased Participant has failed to designate a beneficiary, or if the designated beneficiary of the deceased Participant dies before the Participant or before complete distribution of benefits due under the Plan, the amounts to be distributed under the Plan will be distributed to the legal representative or representatives of the estate of the last to die of the Participant and the beneficiary.

7. Taxes and Transaction Costs. The Participant will be solely responsible for the payment of all taxes and transaction costs relating to the granting and payment of the Restricted Stock Units and payment of any shares of Stock.

8. Administration. The authority to manage and control the operation and administration of these Award Terms will be vested in the Committee, and the Committee will have all powers with respect to these Award Terms as it has with respect to the Plan. Any interpretation of these Award Terms by the Committee and any decision made by it with respect to these Award Terms is final and binding.

9. Relation to Plan. Notwithstanding anything in these Award Terms to the contrary, the terms of these Award Terms will be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the office of the Secretary of the Company. Any amendment to the Plan will be deemed to be an amendment to these Award Terms to the extent that the amendment is applicable hereto. These Award Terms may be amended by written agreement of the Participant and the Company, without the consent of any other person.

10. Governing Law. The interpretation, performance, and enforcement of these Award Terms will be governed by the laws of the State of Texas, without giving effect to the principles of conflict of laws thereof and all parties, including their successors and assigns, consent to the jurisdiction of the state and federal courts of Texas.

**BRINKER INTERNATIONAL, INC., A DELAWARE CORPORATION
SUBSIDIARIES**

BI INTERNATIONAL SERVICES, LLC, a Delaware limited liability company
 BI MEXICO HOLDING CORPORATION, a Delaware corporation
 BRINKER RESTAURANT CORPORATION, a Virginia corporation
 BRINKER INTERNATIONAL PAYROLL COMPANY, L.P., a Delaware limited partnership
 BRINKER AIRPORTS, LLC, a Delaware limited liability company
 BRINKER ALABAMA, INC., a Virginia corporation
 BRINKER ARKANSAS, INC., a Virginia corporation
 BRINKER ASIA, INC., a British Virgin Islands corporation
 BRINKER BRAZIL, LLC, a Delaware limited liability company
 BRINKER CB, LP, a Texas limited partnership
 BRINKER CB MANAGEMENT, LLC, a Delaware limited liability company
 BRINKER CANADIAN HOLDING CO., ULC, a British Columbia unlimited liability company
 BRINKER CANADIAN RESTAURANT CO., ULC, a British Columbia unlimited liability company
 BRINKER FHC B.V., a Netherlands private company
 BRINKER FLORIDA, INC., a Virginia corporation
 BRINKER FREEHOLD, INC., a New Jersey corporation
 BRINKER GEORGIA, INC., a Virginia corporation
 BRINKER LOUISIANA, INC., a Virginia corporation
 BRINKER MICHIGAN, INC., a Virginia corporation
 BRINKER MISSISSIPPI, INC., a Virginia corporation
 BRINKER MISSOURI, INC., a Virginia corporation
 BRINKER NEVADA, INC., a Nevada corporation
 BRINKER NEW JERSEY, INC., a Virginia corporation
 BRINKER NORTH CAROLINA, INC., a Virginia corporation
 BRINKER OF BALTIMORE COUNTY, INC., a Maryland corporation
 BRINKER OF CARROLL COUNTY, INC., a Maryland corporation
 BRINKER OF CECIL COUNTY, INC., a Maryland corporation
 BRINKER OKLAHOMA, INC., a Virginia corporation
 BRINKER OPCO, LLC, a Virginia limited liability company
 BRINKER PENN TRUST, a Pennsylvania business trust
 BRINKER PROPCO FLORIDA, INC., a Delaware corporation
 BRINKER PROPERTY CORPORATION, a Delaware corporation
 BRINKER PURCHASING, INC., a Delaware corporation
 BRINKER RHODE ISLAND, INC., a Rhode Island corporation
 BRINKER SERVICES CORPORATION, a Virginia corporation
 BRINKER SOUTH CAROLINA, INC., a Virginia corporation
 BRINKER TEXAS, INC., a Virginia corporation
 BRINKER VIRGINIA, INC., a Virginia corporation
 CHILI'S BEVERAGE COMPANY, INC., a Texas corporation
 CHILI'S, INC., a Delaware corporation
 CHILI'S, INC., a Tennessee corporation
 CHILI'S INTERNATIONAL BASES, B.V., a Netherlands private company
 CHILI'S OF BEL AIR, INC., a Maryland corporation
 CHILI'S OF KANSAS, INC., a Kansas corporation
 CHILI'S OF MARYLAND, INC., a Maryland corporation
 CHILI'S OF WEST VIRGINIA, INC., a West Virginia corporation
 MAGGIANO'S, INC., an Illinois corporation
 MAGGIANO'S BEVERAGE COMPANY, a Texas corporation
 MAGGIANO'S HOLDING CORPORATION, a Virginia corporation

MAGGIANO'S OF ANNAPOLIS, INC., a Maryland corporation
MAGGIANO'S OF HOWARD COUNTY, INC., a Maryland corporation
MAGGIANO'S OF KANSAS, INC., a Kansas corporation
MAGGIANO'S OF TYSON'S, INC., a Virginia corporation
MAGGIANO'S PROPERTY CORPORATION, a Delaware corporation
MAGGIANO'S TEXAS, INC., a Virginia corporation
PEPPER DINING HOLDING CORP., a Virginia corporation
PEPPER DINING, INC., a Virginia corporation
PEPPER DINING VERMONT, INC., a Vermont corporation
BIPC GLOBAL PAYROLL COMPANY, LLC, a Delaware limited liability company
BIPC MANAGEMENT, LLC, a Delaware limited liability company
BIPC INVESTMENTS, LLC, a Delaware limited liability company

Consent of Independent Registered Public Accounting Firm

The Board of Directors

Brinker International, Inc.:

We consent to the incorporation by reference in the registration statements (Nos. 333-93755, 333-105720, 333-125289, 333-157050, 333-201929, and 333-230574) on Form S-8 and registration statement (No. 333-237891) on Form S-3 of Brinker International, Inc. of our reports dated August 21, 2020, with respect to the consolidated balance sheets of Brinker International, Inc. and subsidiaries as of June 24, 2020 and June 26, 2019, the related consolidated statements of comprehensive income, shareholders' deficit, and cash flows for each of the years in the three-year period ended June 24, 2020, and the related notes, and the effectiveness of internal control over financial reporting as of June 24, 2020, which reports appear in the June 24, 2020 annual report on Form 10-K of Brinker International, Inc.

Our report dated August 21, 2020 refers to a change in the method of accounting for revenue from contracts with customers as of June 28, 2018 due to the adoption of Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*. Our report refers to a change in the method of accounting for leases as of June 27, 2019 due to the adoption of Accounting Standards Codification Topic 842, *Leases*.

/s/ KPMG LLP

Dallas, Texas

August 21, 2020

CERTIFICATION

I, Wyman T. Roberts, certify that:

1. I have reviewed this Annual Report on Form 10-K of Brinker International, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer(s) 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 Rules 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 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(s) 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 adversely 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: August 21, 2020

By: /S/ WYMAN T. ROBERTS

Wyman T. Roberts,
*President and Chief Executive Officer
of Brinker International, Inc.
and President of Chili's Grill & Bar
(Principal Executive Officer)*

CERTIFICATION

I, Joseph G. Taylor, certify that:

1. I have reviewed this Annual Report on Form 10-K of Brinker International, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer(s) 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 Rules 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 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(s) 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 adversely 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: August 21, 2020

By: /S/ JOSEPH G. TAYLOR

Joseph G. Taylor,
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of Brinker International, Inc. (the "Company"), hereby certifies that the Company's Annual Report on Form 10-K for the year ended June 24, 2020 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) 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: August 21, 2020

By: /S/ WYMAN T. ROBERTS

Wyman T. Roberts,

President and Chief Executive Officer

of Brinker International, Inc.

and President of Chili's Grill & Bar

(Principal Executive Officer)

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of Brinker International, Inc. (the "Company"), hereby certifies that the Company's Annual Report on Form 10-K for the year ended June 24, 2020 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) 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: August 21, 2020

By: /S/ JOSEPH G. TAYLOR

Joseph G. Taylor,

Executive Vice President and Chief Financial Officer

(Principal Financial and Accounting Officer)