FORM 10Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON D.C. 20549

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

SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended March 27, 1996

Commission File Number 1-10275

BRINKER INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

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

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

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

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

Yes X No

Number of shares of common stock of registrant outstanding at March 27, 1996: 76,828,336.

BRINKER INTERNATIONAL, INC.

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

	MARCH 27, 1996	JUNE 28, 1995
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 27,346	$ 38,780
Accounts Receivable	16,886	18,020
Inventories	10,503	10,312
Prepaid Expenses	24,219	22,485
Deferred Income Taxes	4,059	4,389
Total Current Assets	83,013	93,986
Property and Equipment, at Cost:		
Land	151,725	148,123
Buildings and Leasehold Improvements	409,511	358,717
Furniture and Equipment	231,660	214,275
Construction-in-Progress	40,096	49,500
	832,992	770,615
Less Accumulated Depreciation	238,368	202,542
Net Property and Equipment	594,624	568,073
Other Assets:		
Marketable Securities	65,399	34,696
Goodwill	73,749	9,708
Other	34,283	26,342
Total Other Assets	173,431	70,746
Total Assets	$ 851,068	$ 732,805

See Accompanying Notes to Condensed Consolidated Financial Statements

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

	MARCH 27, 1996	JUNE 28, 1995
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Short-Term Debt	$ 15,000	$ ---
Current Installments of Long-term Debt	393	1,593
Accounts Payable	39,591	34,252
Accrued Liabilities	73,710	60,518
Total Current Liabilities	128,694	96,363
Long-term Debt, Less Current Installments	102,792	103,086
Deferred Income Taxes	14,487	13,497
Other Liabilities	22,558	23,062
Commitments and Contingencies		
Shareholders' Equity:		
Preferred Stock-1,000,000 Authorized Shares; $1.00 Par Value; No Shares Issued	---	---
Common Stock-250,000,000 Authorized Shares; $.10 Par Value; 76,828,336 and 72,073,597 Shares Issued and Outstanding at		

March 27, 1996 and June 28, 1995, Respectively	7,683	7,207
Additional Paid-In Capital	259,735	190,919
Unrealized Loss on Marketable Securities	(898)	(1,451)
Retained Earnings	316,017	300,122
Total Shareholders' Equity	582,537	496,797
Total Liabilities and Shareholders' Equity	$ 851,068	$ 732,805

See Accompanying Notes to Condensed Consolidated Financial Statements

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

	13 Weeks Ended		39 Weeks Ended	
	Mar. 27, 1996	Mar. 29, 1995	Mar. 27, 1996	Mar. 29, 1995
Revenues	$ 284,206	$ 268,487	$ 863,322	$ 762,167
Costs and Expenses:				
Cost of Sales	79,521	71,640	246,854	205,013
Restaurant Expenses	154,075	141,726	463,089	397,048
Depreciation and Amortization	15,734	15,061	48,007	43,010
General & Administrative	13,623	12,993	40,198	37,855
Interest Expense	1,356	---	3,015	---
Gain on Sales of Concepts	---	---	(9,262)	---
Restructuring Charge	---	---	50,000	---
Other, Net	(1,116)	(655)	(2,709)	(1,963)
Total Costs and Expenses	263,193	240,765	839,192	680,963
Income Before Provision for Income Taxes	21,013	27,722	24,130	81,204
Provision for Income Taxes	7,144	9,481	8,235	28,344
Net Income	$ 13,869	$ 18,241	$ 15,895	$ 52,860
Primary Net Income Per Share	$ 0.18	$ 0.25	$ 0.21	$ 0.71
Fully Diluted Net Income Per Share	$ 0.18	$ 0.25	$ 0.20	$ 0.71
Primary Weighted Average Shares Outstanding	78,389	74,110	77,421	74,414
Fully Diluted Weighted Average Shares Outstanding	78,816	74,110	77,822	74,460

See Accompanying Notes to Condensed Consolidated Financial Statements

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

Thirty-Nine Weeks Ended

	March 27, 1996	March 29, 1995
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 15,895	$ 52,860
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities:		
Depreciation of Property and Equipment	40,458	35,680
Amortization of Other Assets	7,549	7,330
Gain on Sales of Concepts	(9,262)	---
Restructuring Charge	50,000	---
Net Loss on Sales of Marketable Securities	898	---
Changes in Assets and Liabilities, Excluding Effects of Acquisitions and Dispositions:		
Decrease (Increase) in Accounts Receivable	2,039	(1,640)
Increase in Inventories	(900)	(1,397)
Increase in Prepaid Expenses	(3,491)	(3,117)
Increase in Other Assets	(10,748)	(10,197)
Decrease in Accounts Payable	(11,362)	(11,134)
Increase (Decrease) in Accrued Liabilities	(2,173)	7,347
Increase in Deferred Income Taxes	1,011	3,825
Decrease in Other Liabilities	(408)	(1,572)
Net Cash Provided by Operating Activities	79,506	77,985
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for Property and Equipment	(150,127)	(126,726)
Purchases of Marketable Securities	(48,066)	(9,345)
Proceeds from Sales of Marketable Securities	17,327	20,862
Proceeds from Sales of Concepts	73,115	---
Other	375	(26)
Net Cash Used in Investing Activities	(107,376)	(115,235)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of Short-term Debt	15,000	30,700
Payments of Long-term Debt	(1,494)	(1,348)
Proceeds from Issuances of Common Stock	2,930	5,302
Net Cash Provided by Financing Activities	16,436	34,654
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,434)	(2,596)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	38,780	3,743
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 27,346	$ 1,147
CASH PAID DURING THE PERIOD:		
Income Taxes, Net	$ 16,423	$ 35,887
Interest, Net of Amounts Capitalized	$ 873	$ ---
NON-CASH INVESTING AND FINANCING ACTIVITY:		
Common Stock Issued in Connection With Acquisitions	$ 66,362	$ ---
Notes Received in Connection with Sales of Concepts	$ 9,800	$ ---

See Accompanying Notes to Condensed Consolidated Financial Statements

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

1. Basis of Presentation

The condensed consolidated financial statements of Brinker International, Inc. ("Company") as of March 27, 1996 and June 28, 1995 and for the thirteen weeks and thirty-nine weeks ended March 27, 1996 and March 29, 1995 have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. The Company owns and operates six restaurant concepts under the names of Chili's Grill & Bar ("Chili's"), Romano's Macaroni Grill ("Macaroni Grill"), On The Border Cafes ("On The Border"), Cozymel's Coastal Mexican Grill ("Cozymel's"), Maggiano's Little Italy ("Maggiano's"), and Corner Bakery.

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

2. Net Income Per Share

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

3. Restructuring Related Items

The Company recorded a $50 million restructuring charge during the thirteen weeks ended December 27, 1995 related to the adoption of a strategic plan which includes the disposition or conversion of 30 to 40 Company-owned restaurants that have not met management's expectations. The charge resulted in a reduction in net income of approximately $32.5 million ($0.42 per share) and primarily relates to the write-down of property and equipment to net realizable value, costs to settle lease obligations, and the write-off of other assets. As of March 27, 1996, the remaining balance of the restructuring reserve was approximately $8 million and primarily relates to costs to settle lease obligations which are expected to be completed in fiscal 1997. The results of operations from restaurants that will be disposed are not material.

In addition, the Company completed the sales of the Grady's American Grill, Spageddies Italian Kitchen, and Kona Ranch Steak House concepts during the second quarter of fiscal 1996, recognizing a gain of approximately $9.3 million.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following table sets forth selected operating data as a percentage of total revenues for the periods indicated. All information is derived from the accompanying Condensed Consolidated Statements of Operations.

	13 Weeks Ended		39 Weeks Ended	
	Mar. 27, 1996	Mar. 29, 1995	Mar. 27, 1996	Mar. 29, 1995
Revenues	100.0%	100.0%	100.0%	100.0%
Costs and Expenses:				
Cost of Sales	28.0%	26.7%	28.6%	26.9%
Restaurant Expenses	54.2%	52.8%	53.6%	52.1%
Depreciation and Amortization	5.5%	5.6%	5.6%	5.6%
General & Administrative	4.8%	4.8%	4.7%	5.0%
Interest Expense	0.5%	---	0.3%	---
Gain on Sales of Concepts	---	---	(1.1)%	---
Restructuring Charge	---	---	5.8%	---
Other, Net	(0.4)%	(0.2)%	(0.3)%	(0.3)%
Total Costs & Expenses	92.6%	89.7%	97.2%	89.3%
Income Before Provision for Income Taxes	7.4%	10.3%	2.8%	10.7%
Provision for Income Taxes	2.5%	3.5%	1.0%	3.8%
Net Income	4.9%	6.8%	1.8%	6.9%

The table below details the number of restaurant openings during the third quarter and year-to-date, as well as total number of restaurants open at the end of the third quarter.

3rd Quarter Openings	Year-to-Date Openings	Total Open at End of Third Quarter

	Fiscal 1996	Fiscal 1995	Fiscal 1996	Fiscal 1995	Fiscal 1996	Fiscal 1995
Chili's:						
Company-owned	8	10	33	32	347	312
Franchised	4	7	19	24	127	102
Total	12	17	52	56	474	414
Macaroni Grill:						
Company-owned	2	4	13	15	63	49
Franchised	--	--	1	--	2	1
Total	2	4	14	15	65	50
On The Border:						
Company-owned	2	1	6	2	20	16
Franchised	--	--	--	--	4	5
Total	2	1	6	2	24	21
Cozymel's:						
Company-owned	5	--	8	--	11	1
Joint Venture	--	2	--	2	--	3
Total	5	2	8	2	11	4
Maggiano's	--	--	--	--	3	--
Corner Bakery	1	--	3	--	7	--
Wildfire:						
Joint Venture	--	--	1	--	1	--
Eatzi's:						
Joint Venture	1	--	1	--	1	--
Grady's	--	2	6	8	1	41
Spageddies:						
Company-owned	--	1	4	4	--	10
Franchised	--	2	2	3	--	3
Total	--	3	6	7	--	13
Grand Total	23	29	97	90	587	543

REVENUES

Revenues for the third quarter of fiscal 1996 increased to $284.2 million, 5.9% over the $268.5 million generated for the same quarter of fiscal 1995. Revenues for the thirty-nine weeks ended March 27, 1996 rose 13.3% to $863.3 million from the $762.2 million generated for the same period of fiscal 1995. The increase is primarily attributable to the 93 Company-owned restaurants opened or acquired since March 29, 1995. Excluding concepts sold during the second quarter of fiscal 1996, revenues for the third quarter increased 20.7% due to a 19.6% increase in capacity (as measured in store weeks) and a 0.9% increase in average weekly sales; year-to-date revenues increased 18.5% due to 18.6% increase in capacity and a 0.1% decrease in average weekly sales.

COSTS AND EXPENSES (as a percent of Revenues)

Cost of sales increased for both the third quarter and year-to-date of fiscal 1996. Unfavorable commodity prices were experienced for meat, poultry, alcoholic and nonalcoholic beverages, pasta, and oils. Product mix shifts toward higher cost menu items and increases in portion sizes on various Chili's menu items also contributed to the increase.

Restaurant expenses increased on both a comparative third quarter and year-to-date basis, primarily as a result of increases in management and hourly labor. The increase in management labor is due to increases in base pay to remain competitive in the industry. At the restaurant level, hourly labor costs are up due to increases in the number of floor staff to provide better customer service as well as wage rate increases in order to meet industry competition and retain quality employees.

Depreciation and amortization remained relatively flat for both the third quarter and year-to-date of fiscal 1996. A decrease in per-unit depreciation and amortization due to a declining depreciable asset base for older units and higher average sales volumes of new restaurants offset increases related to new unit construction costs and ongoing remodel costs.

General and administrative expenses remained flat for the third quarter of fiscal 1996 and experienced a decline for year-to-date due to decreased profit sharing expenses, the Company's ongoing focus on controlling corporate overhead, and efficiencies realized from increased investment in computer hardware and software. The dollar increase in general and administrative expenses is due to additional staff and support as the Company expands its restaurant concepts.

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

Other, net, increased slightly for the third quarter of fiscal 1996. Increased interest and dividend income as a result of an increase in the investment portfolio balance was offset partially by the net loss on sales of marketable securities.

RESTRUCTURING RELATED ITEMS

In October 1995, the Board of Directors of the Company approved a strategic plan intended to support the Company's long term growth target that focuses on continued development of those restaurant concepts that have the greatest return potential for the Company and its shareholders. In conjunction with this plan, the Company has or will dispose of or convert 30 to 40 Company-owned restaurants that have not met management's expectations. The restructuring actions began during the second quarter and are expected to be completed in fiscal 1997. The Company recorded a $50.0 million restructuring charge during the thirteen weeks ended December 27, 1995 to cover costs related to the execution of this plan, primarily the write-down of property and equipment to net realizable value, costs to settle lease obligations, and the write-off of other assets. In addition, the Company completed the sales of the Grady's American Grill, Spageddies Italian Kitchen, and Kona Ranch Steak House concepts during the second quarter of fiscal 1996, recognizing a gain of approximately $9.3 million.

INCOME TAXES

The Company's effective income tax rate was 34.0% and 34.1% for the third quarter and year-to-date of fiscal 1996 compared to 34.2% and 34.9% for the same periods of fiscal 1995, respectively. The fiscal 1996 effective income tax rate has decreased as a result of an increase in federal FICA tip credits.

NET INCOME AND NET INCOME PER SHARE

Year-to-date operating results before restructuring related items (gain on sales of concepts and restructuring charge) are summarized as follows (in millions, except per share amounts):

	39 Weeks Ended	
	Mar. 27, 1996	Mar. 29, 1995
Income Before Restructuring Related Items and Income Taxes	$ 64.9	$ 81.2
Income Taxes Before Restructuring Related Items	22.5	28.3
Net Income Before Restructuring Related Items	$ 42.4	$ 52.9
Primary Net Income Per Share Before Restructuring Related Items	$ 0.55	$ 0.71

Year-to-date net income and primary net income per share before restructuring related items declined 19.8% and 22.5%, respectively, compared to fiscal 1995. The decrease in net income before restructuring related items in light of the increase in revenues was due to the decline in average weekly sales and the increases in costs and expenses mentioned above.

IMPACT OF INFLATION

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

LIQUIDITY AND CAPITAL RESOURCES

Working capital decreased from a deficit of $2.4 million at June 28, 1995 to a deficit of $45.7 million at March 27, 1996, due to borrowings of short-term debt, recording of the restructuring reserve, and the Company's capital expenditures offset by proceeds from the sales of concepts. Net cash provided by operating activities increased to $79.5 million for the first nine months of fiscal 1996 from $78.0 million during the same period in fiscal 1995 due to timing of operational receipts and payments.

Long-term debt outstanding at March 27, 1996 consisted of $100 million of unsecured senior notes and obligations under capital leases. At March 27, 1996, the Company had $222.3 million in available funds from credit facilities.

During October 1995, the Company announced the approval of a strategic plan which includes the disposition of certain Company-owned restaurants. The dispositions are expected to generate net cash proceeds of approximately $15 to $20 million through fiscal 1997. Furthermore, the Company completed the sales of three of its concepts during the second quarter which resulted in net cash proceeds of approximately $73 million.

Capital expenditures were $150.1 million for the nine months ended March 27, 1996 as compared to $126.7 million last year. Purchases of land for future restaurant sites, new restaurants under construction, purchases of new and replacement restaurant furniture and equipment, and the ongoing remodeling program were responsible for the increased expenditures. The Company estimates that its capital expenditures during the fourth quarter will approximate $55 million. These capital expenditures will be funded from internal operations, cash equivalents, income earned from investments, build-to-suit lease agreements with landlords, proceeds from the sales of concepts, and drawdowns on the Company's available lines of credit.

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

PART II. OTHER INFORMATION

Item 6: EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit 27 Financial Data Schedule. Filed with EDGAR version.

(b) A current report on Form 8-K, dated January 30, 1996, was filed with the Securities and Exchange Commission on January 31, 1996. This Form 8-K disclosed that the Board of Directors of the Company adopted a Stockholder Protection Rights Plan (the "Plan") on January 30, 1996, and declared a dividend of one right on each outstanding share of common stock, payable on February 9, 1996. The rights are evidenced by the common stock certificates of the Company, automatically trade with the common stock, and will not be exercisable until it is announced that a person or group has become an Acquiring Person, as defined in the Plan. Thereafter, separate rights certificates will be distributed and each right (other than rights beneficially owned by any Acquiring Person) will entitle, among other things, its holder to purchase, for an exercise price of $60, a number of shares of the Company s common stock having a market value of twice the exercise price. The rights may be redeemed by the Board of Directors for $0.01 per right prior to the date of the announcement that a person or group has become an Acquiring Person.

SIGNATURES

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

BRINKER INTERNATIONAL, INC.

Date: May 7, 1996 By: /Ronald A. McDougall
Ronald A. McDougall, President and Chief
Operating Officer
(Duly Authorized Signatory)

Date: May 7, 1996 By: /Debra L. Smithart
Debra L. Smithart, Executive Vice President
and Chief Financial Officer

(Principal Financial and Accounting Officer)

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

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JUN-26-1996
DEC-28-1995
MAR-27-1996
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