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 29, 1995

Commission File Number 1-10275

BRINKER INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

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

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

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

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

Yes X   No

Number of shares of common stock of registrant outstanding at March 29, 1995: 71,941,441.

BRINKER INTERNATIONAL, INC.

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

	MARCH 29, 1995	JUNE 29, 1994
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 1,147	$ 3,743
Accounts Receivable	14,291	12,651
Assets Held for Sale and Leaseback	26	---
Inventories	9,610	8,213
Prepaid Expenses	20,718	17,601
Deferred Income Taxes	4,602	4,655
Total Current Assets	50,394	46,863
Property and Equipment, at Cost:		
Land	$ 132,943	$ 106,040
Buildings and Leasehold Improvements	343,385	286,437
Furniture and Equipment	205,993	172,403
Construction-in-Progress	34,977	31,300
	717,298	596,180
Less Accumulated Depreciation	192,018	161,946
Net Property and Equipment	525,280	434,234
Other Assets:		
Preopening Costs	$ 7,948	$ 7,927
Marketable Securities	31,006	45,239
Notes Receivable	964	2,231
Other	26,054	21,941
Total Other Assets	65,972	77,338
Total Assets	$ 641,646	$ 558,435

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 29, 1995	JUNE 29, 1994
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Short-term Debt	$ 30,700	$ ---
Current Installments of Long-term Debt	309	501
Accounts Payable	34,206	45,340
Accrued Liabilities	63,248	55,901
Total Current Liabilities	128,463	101,742
Long-term Debt, Less Current Installments	3,248	4,404
Senior Subordinated Convertible Debentures	1,200	1,200
Deferred Income Taxes	14,835	12,143
Other Liabilities	19,997	21,569
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; 71,941,441 and 71,405,452 Shares Issued and Outstanding at March 29, 1995 and June 29, 1994, Respectively	7,194	7,141
Additional Paid-In Capital	188,548	183,299
Unrealized Loss on Marketable Securities	(2,077)	(441)
Retained Earnings	280,238	227,378
Total Shareholders' Equity	473,903	417,377
Total Liabilities and Shareholders' Equity	$ 641,646	$ 558,435

See Accompanying Notes to Condensed Consolidated Financial Statements

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

	13 Week Periods Ended		39 Week Periods Ended	
	Mar. 29, 1995	Mar. 30, 1994	Mar. 29, 1995	Mar. 30, 1994
Revenues	$ 268,487	$ 226,440	$ 762,167	$ 647,774
Costs and Expenses:				
Cost of Sales	71,640	61,674	205,013	177,907
Restaurant Expenses	141,726	115,283	397,048	330,761
Depreciation and Amortization	15,061	13,394	43,010	37,837
General & Administrative	12,993	11,262	37,855	33,847
Interest Expense	---	111	---	354
Merger Expenses	---	601	---	835
Lawsuit Settlement	---	---	---	2,248
Other, Net	(655)	(982)	(1,963)	(4,453)
Total Costs and Expenses	240,765	201,343	680,963	579,336
Income Before Provision for Income Taxes	27,722	25,097	81,204	68,438
Provision for Income Taxes	9,481	8,951	28,344	24,186
Net Income	$ 18,241	$ 16,146	$ 52,860	$ 44,252
Primary Net Income Per Share	$ 0.25	$ 0.21	$ 0.71	$ 0.59
Fully Diluted Net Income Per Share	$ 0.25	$ 0.21	$ 0.71	$ 0.59
Primary Weighted Average Shares Outstanding	74,110	75,199	74,414	74,921
Fully Diluted Weighted Average Shares Outstanding	74,110	75,199	74,460	75,049

See Accompanying Notes to Condensed Consolidated Financial Statements

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

	Thirty-Nine Week Periods Ended	
	March 29, 1995	March 30, 1994
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Income	$ 52,860	$ 44,252
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation of Property and Equipment	35,680	30,774
Amortization of Preopening Costs	7,330	7,063
Gain on Sale of Land	---	(1,000)
Changes in Assets and Liabilities:		
Increase in Accounts Receivable	(1,640)	(10,046)
Increase in Inventories	(1,397)	(982)
Increase in Prepaid Expenses	(3,117)	(2,153)
Increase in Other Assets	(10,197)	(9,871)
(Decrease) Increase in Accounts Payable	(11,134)	11,342
Increase in Accrued Liabilities	7,347	13,286
Increase in Deferred Income Taxes	3,825	2,580
(Decrease) Increase in Other Liabilities	(1,572)	2,061
Net Cash Provided by Operating Activities	77,985	87,306
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for Property and Equipment	(126,726)	(88,026)
Proceeds from Sale of Land	---	4,180
Payment for Purchase of Franchisee Restaurants	---	(8,165)
(Increase) Decrease in Assets Held for Sale and Leaseback	(26)	1,108
Purchases of Marketable Securities	(9,345)	(44,842)
Proceeds from Sales of Marketable Securities	20,862	33,259
Net Cash Used in Investing Activities	(115,235)	(102,486)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of Short-term Debt	30,700	5,000
(Payments) Borrowings of Long-term Debt	(1,348)	6
Proceeds from Issuances of Common Stock	5,302	2,457
Net Cash Provided by Financing Activities	34,654	7,463
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,596)	(7,717)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,743	12,477
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 1,147	$ 4,760
CASH PAID DURING THE PERIOD:		
Interest, Net of Amounts Capitalized	$ ---	$ 354
Income Taxes	$ 35,887	$ 15,461

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 29, 1995 and June 29, 1994 and for the thirteen week periods and thirty-nine week periods ended March 29, 1995 and March 30, 1994 have been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission. The Company owns and operates five primary restaurant concepts under the names of Chili's Grill & Bar ("Chili's"), Grady's American Grill ("Grady's"), Romano's Macaroni Grill ("Macaroni Grill"), Spageddies Italian Kitchen ("Spageddies"), and On The Border Cafes ("On The Border").

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 29, 1994 Form 10K. 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. Business Combination

Effective August 3, 1994, the Company acquired four Chili's restaurants located in Florida and Georgia from a franchisee in exchange for 505,930 shares of Company common stock. The acquisition of one of the restaurants was accounted for as a purchase. The acquisition of the remaining three restaurants was accounted for as a pooling of interests. Accordingly, the Company's consolidated financial statements have been restated to include the accounts and operations of these three restaurants for all periods presented. The four acquired restaurants' results of operations on a pro forma basis are not presented separately as such results are not material.

4. Shareholders' Equity

On November 3, 1994, the shareholders of the Company approved an amendment to the Company's Certificate of Incorporation which increased the number of authorized shares of common stock from 100,000,000 to 250,000,000.

5. Subsequent Event

On April 12, 1995, the Company raised $100,000,000 through the issuance of senior notes bearing interest at an annual rate of 7.8%. Interest is payable semi-annually and the Company is required to prepay 14.3% of the original principal balance annually on April 12th beginning in 1999 through 2004 with the remaining unpaid balance due on April 12, 2005. These proceeds will be utilized to fund future expansion of the restaurant concepts.

Management's Discussion and Analysis of
Financial Condition and Results of Operations
For The Thirteen Week Periods and Thirty-Nine Week Periods Ended
March 29, 1995 and March 30, 1994

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

	13 Week Periods Ended		39 Week Periods Ended	
	Mar. 29, 1995	Mar. 30, 1994	Mar. 29, 1995	Mar. 30, 1994
Revenues	100.0%	100.0%	100.0%	100.0%
Costs and Expenses:				
Cost of Sales	26.7%	27.2%	26.9%	27.5%
Restaurant Expenses	52.8%	50.9%	52.1%	51.1%
Depreciation and Amortization	5.6%	5.9%	5.6%	5.8%
General & Administrative	4.8%	5.0%	5.0%	5.2%
Interest Expense	---%	0.0%	---	0.1%
Merger Expenses	---%	0.3%	---	0.1%
Lawsuit Settlement	---%	---%	---	0.3%
Other, Net	(0.2)%	(0.4)%	(0.3)%	(0.7)%
Total Costs & Expenses	89.7%	88.9%	89.3%	89.4%
Income Before Provision for Income Taxes	10.3%	11.1%	10.7%	10.6%
Provision for Income Taxes	3.5%	4.0%	3.8%	3.8%
Net Income	6.8%	7.1%	6.9%	6.8%

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

	3rd Quarter Openings		Year-to-Date Openings		Total Open at End of Third Quarter	
	Fiscal 1995	Fiscal 1994	Fiscal 1995	Fiscal 1994	Fiscal 1995	Fiscal 1994
Chili's:						
Company-owned	10	8	32	30	312	279
Franchised	7	5	24	11	102	76
Total	17	13	56	41	414	355
Macaroni Grill:						
Company-owned	4	3	15	9	49	31
Franchised	--	1	--	1	1	1
Total	4	4	15	10	50	32
Grady's	2	2	8	7	41	31
Spageddies:						
Company-owned	1	--	4	1	10	4
Franchised	2	--	3	--	3	--
Total	3	--	7	1	13	4
On The Border:						
Company-owned	1	--	2	3	16	14
Franchised	--	--	--	2	5	7
Total	1	--	2	5	21	21
R&D Concepts:						
Company-owned	--	--	--	--	1	1
Joint Venture	2	1	2	1	3	1
Total	2	1	2	1	4	2
Grand Total	29	20	90	65	543	445

REVENUES

Revenues for the third quarter of fiscal 1995 increased to $268.5 million, 18.6% over the $226.4 million generated for the same quarter of fiscal 1994. Revenues for the thirty-nine week period ended March 29, 1995 rose 17.7% to $762.2 million from $647.8 million generated from the same period of fiscal 1994. The increase is primarily attributable to the 71 Company-operated restaurants opened or acquired since March 30, 1994. Reported comparable store sales for third quarter and year-to-date of fiscal 1995 changed (0.6%) and (0.1%), respectively, compared to the respective prior year periods. On a concept basis, Chili's, Macaroni Grill, and Grady's experienced comparable store sales changes of (0.8%), 1.8%, and (1.2%), respectively, for the third quarter of fiscal 1995, and (0.2%), 2.0%, and (1.2%), respectively, on a year-to-date basis.

COSTS AND EXPENSES (as a percent of Revenues)

Cost of sales decreased for both the third quarter and year-to-date of fiscal 1995. Due to increased purchasing leverage, favorable commodity prices were experienced in meat, poultry, and dairy on both a third quarter and year-to-date basis. These positive variances were somewhat offset by unfavorable prices for lettuce in the latter part of the third quarter due to weather conditions in California and unfavorable prices for beverages, both alcoholic and non-alcoholic, and seafood on both a third quarter and year-to-date basis.

Restaurant expenses increased on both a comparative third quarter and year-to-date basis, primarily resulting from increases in labor, both management and hourly, restaurant supplies, and advertising costs. The increase in management labor is due to staffing and training costs associated with future expansion. At the restaurant level, hourly wages are up due to increased overtime and training costs resulting from higher turnover, and restaurant supplies are up primarily as a result of new menu items. Advertising has increased due to increased television time and local marketing efforts. These cost increases were partially offset by decreases in fixed costs as a result of the expanding sales base.

Depreciation and amortization decreased for both the third quarter and year-to-date of fiscal 1995. A decrease in per-unit depreciation and amortization due to a declining depreciable asset base for older units and higher average sales volumes in newer restaurants offset increases related to rising construction costs, remodel costs, and capital expenditures at the corporate level, such as investments in new computer hardware and software.

General and administrative expenses declined in the third quarter and year-to-date of fiscal 1995 compared to the respective fiscal 1994 periods due to the Company's ongoing focus on controlling corporate overhead and efficiencies realized from increased investments in computer hardware and software. The dollar increase in general and administrative expenses is due to additional staff and support as the Company accelerates expansion of its restaurant concepts, including international franchising.

Merger expenses and lawsuit settlement recognized in fiscal 1994 are nonrecurring costs associated with On The Border. Merger expenses are consulting and legal fees incurred in the initial phases of negotiating On The Border's acquisition. Lawsuit settlement is an injury claim settlement arising from an airplane accident in March 1993 involving several former On The Border officers.

Other, net, decreased compared to the third quarter and year-to-date of fiscal 1994. The decrease is primarily the result of a gain of approximately $1 million generated from the sale of land in the second quarter of fiscal 1994, a decrease in net realized gains on sales of marketable securities due to significant gains recognized in the first quarter of fiscal 1994, and a decrease in interest and dividend income compared to fiscal 1994 as a result of a decrease in the investment portfolio balance.

INCOME BEFORE PROVISION FOR INCOME TAXES

As a result of the relationships between revenues and costs and expenses, income before provision for income taxes increased 10.5% and 18.7%, respectively, over the third quarter and year-to-date results of fiscal 1994.

INCOME TAXES

The Company's effective income tax rate was 34.2% and 34.9% for the third quarter and year-to-date of fiscal 1995, respectively, compared to 35.7% and 35.3% for the same periods of fiscal 1994. The fiscal 1995 effective income tax rate has decreased as a result of lower state income tax liabilities and an increase in Federal FICA tax credits.

NET INCOME AND NET INCOME PER SHARE

Net income and primary net income per share rose 13.0% and 19.0%, respectively, compared to the third quarter of fiscal 1994. Year-to-date net income and primary net income per share increased 19.5% and 20.3%, respectively, compared to fiscal 1994. In the third quarter, the increase in net income was less than the increase in revenues due to a rise in labor and advertising costs which did not generate sufficient additional revenues. The year-to-date increase, however, exceeded the increase in revenues as the Company, overall, continues to control costs and expenses while maintaining the expansion of its restaurant concepts. Primary weighted average shares outstanding for the third quarter and year-to-date decreased 1.4% and 0.7%, respectively, compared to the respective prior year periods. Although the number of outstanding shares has increased as a result of common stock options exercised, dilutive common stock equivalents were down in fiscal 1995 as a result of a decline in the Company's stock price.

IMPACT OF INFLATION

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

LIQUIDITY AND CAPITAL RESOURCES

The working capital deficit increased from $54.9 million at June 29, 1994 to $78.1 million at March 29, 1995, due primarily to the Company's capital expenditures as discussed below. Net cash provided by operating activities decreased to $78.0 million for the nine months ended March 29, 1995 from $87.3 million during the same period in fiscal 1994 due to timing of operational receipts and payments, which offset cash generated from the increased number of restaurants in operation, strong operating results from existing units, and the effective containment of costs.

Long-term debt outstanding at March 29, 1995 consisted of obligations under capital leases. At March 29, 1995, the Company had drawn $30.7 million from its lines of credit to fund short-term operational needs, leaving $19.3 million in available funds from lines of credit.

Capital expenditures were $126.7 million for the nine months ended March 29, 1995 as compared to $96.2 million last fiscal 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 $46 million. These capital expenditures will be funded from internal operations, income earned from existing investments, build-to-suit lease agreements with landlords, and proceeds generated from the $100 million debt transaction which closed on April 12, 1995.

The Clinton administration is likely to continue to analyze and propose new legislation which could adversely impact the entire business community. Mandated health care and minimum wage measures, if passed, could increase the Company's operating costs. The Company would attempt to offset increased costs through additional improvements in operating efficiencies and menu price increases.

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

PART II. OTHER INFORMATION

Item 6: EXHIBITS

Exhibit 27 Financial Data Schedule. Filed with EDGAR version.

SIGNATURES

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

BRINKER INTERNATIONAL, INC.

Date: May 10, 1995

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

Date: May 10, 1995

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

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

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JUN-28-1995
DEC-29-1994
MAR-29-1995
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9,610
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