

BRINKER INTERNATIONAL, INC.
Statement of Income
Q1 & Q2 Fiscal 2016
(In thousands)

(Updated August 10, 2017) In fiscal 2017, we discovered immaterial errors in prior years relating to the accuracy of certain tax accounts. As such, we have revised our previously-reported consolidated financial statements for fiscal 2016. The revisions include a net increase in the provision for income taxes of \$0.1 million for fiscal 2016, all of which was recorded in the fourth quarter of fiscal 2016. These revisions had no impact on the results for first three quarters of fiscal 2016.

	Q1 F16 Reported	%	Special Items (a)	Q1 F16 Adjusted	%	Q2 F16 Reported	%	Special Items (a)	Discrete Tax Items (b)	Q2 F16 Adjusted	%
Revenues:											
Company Sales	\$ 740,481	97.1%	\$ -	\$ 740,481	97.1%	\$ 765,672	97.1%			\$ 765,672	97.1%
Franchise and Other Revenues ⁽¹⁾	22,078	2.9%	0	22,078	2.9%	22,938	2.9%			22,938	2.9%
Total Revenues	<u>762,559</u>	100.0%	<u>-</u>	<u>762,559</u>	100.0%	<u>788,610</u>	100.0%			<u>788,610</u>	100.0%
Operating Costs and Expenses:											
Company Restaurants (excluding depreciation and amortization):											
Cost of Sales ⁽²⁾	196,603	26.6%		196,603	26.6%	203,799	26.6%			203,799	26.6%
Restaurant Labor ⁽²⁾	246,577	33.3%		246,577	33.3%	247,596	32.4%			247,596	32.4%
Restaurant Expenses ⁽²⁾	<u>189,173</u>	25.5%		<u>189,173</u>	25.5%	<u>190,660</u>	24.9%			<u>190,660</u>	24.9%
Company Restaurant Expenses	632,353	85.4%		632,353	85.4%	642,055	83.9%			642,055	83.9%
Depreciation and Amortization ⁽³⁾	39,171	5.1%		39,171	5.1%	39,114	5.0%			39,114	5.0%
General and Administrative ⁽³⁾	33,111	4.3%		33,111	4.3%	31,909	4.0%			31,909	4.0%
Other Gains and Charges ⁽³⁾	<u>1,677</u>	0.2%	<u>(1,677)</u>	<u>-</u>	0.0%	<u>(87)</u>	0.0%	<u>87</u>		<u>-</u>	0.0%
Total Operating Costs and Expenses	<u>706,312</u>	92.6%	<u>(1,677)</u>	<u>704,635</u>	92.4%	<u>712,991</u>	90.4%	<u>87</u>	<u>-</u>	<u>713,078</u>	90.4%
Operating Income	56,247	7.4%	1,677	57,924	7.6%	75,619	9.6%	(87)	-	75,532	9.6%
Interest Expense	7,767	1.0%		7,767	1.0%	7,907	1.0%			7,907	1.0%
Other, Net	<u>(273)</u>	0.0%		<u>(273)</u>	0.0%	<u>(560)</u>	-0.1%			<u>(560)</u>	-0.1%
Income Before Provision for Income Taxes	48,753	6.4%	1,677	50,430	6.6%	68,272	8.7%	(87)		68,185	8.6%
Provision for Income Taxes	<u>15,546</u>	31.9%	<u>641</u>	<u>16,187</u>	32.1%	<u>20,578</u>	30.1%	<u>(63)</u>	<u>812</u>	<u>21,327</u>	31.3%
Net Income	<u>\$ 33,207</u>	4.4%	<u>\$ 1,036</u>	<u>\$ 34,242</u>	4.5%	<u>\$ 47,694</u>	6.0%	<u>\$ (24)</u>	<u>\$ (812)</u>	<u>\$ 46,858</u>	5.9%
Basic Earnings per Share	\$ 0.55		\$ 0.02	\$ 0.57		\$ 0.81		\$ (0.00)	\$ (0.02)	\$ 0.79	
Diluted Earnings per Share	\$ 0.54		\$ 0.02	\$ 0.56		\$ 0.80		\$ (0.00)	\$ (0.02)	\$ 0.78	
Basic Weighted Average Shares	60,225		60,225	60,225		59,198		59,198	59,198	59,198	
Diluted Weighted Average Shares	61,208		61,208	61,208		59,899		59,899	59,899	59,899	

(a) Non - GAAP information excluding the impact of Special Items is provided to allow the reader to gain insight into the company's ongoing operations.

⁽¹⁾ Franchise and other revenues primarily includes royalties, development fees and franchise fees, banquet service charge income, and gift card activity (breakage and discounts); tabletop device revenue, Chili's retail food product royalties and delivery fee income.

⁽²⁾ As a percentage of company sales

⁽³⁾ As a percentage of total revenues

BRINKER INTERNATIONAL, INC.
Statement of Income
Q3 & Q4 Fiscal 2016
(In thousands)

(Updated August 10, 2017) In fiscal 2017, we discovered immaterial errors in prior years relating to the accuracy of certain tax accounts. As such, we have revised our previously-reported consolidated financial statements for fiscal 2016. The revisions include a net increase in the provision for income taxes of \$0.1 million for fiscal 2016, all of which was recorded in the fourth quarter of fiscal 2016. These revisions had no impact on the results for first three quarters of fiscal 2016.

	Q3 F16 Reported	%	Special Items (a)	Discrete Tax Items (b)	Q3 F16 Adjusted	%	Q4 F16 Reported	%	Special Items (a)	Discrete Tax Items (b)	Q4 F16 Adjusted	%
Revenues:												
Company Sales	\$ 805,145	97.6%			\$ 805,145	97.6%	\$ 855,361	97.0%			\$ 855,361	97.0%
Franchise and Other Revenues ⁽¹⁾	19,494	2.4%			19,494	2.4%	26,320	3.0%			26,320	3.0%
Total Revenues	<u>824,639</u>	100.0%			<u>824,639</u>	100.0%	<u>881,681</u>	100.0%			<u>881,681</u>	100.0%
Operating Costs and Expenses:												
Company Restaurants (excluding depreciation and amortization):												
Cost of Sales ⁽²⁾	215,362	26.7%			215,362	26.7%	224,440	26.2%			224,440	26.2%
Restaurant Labor ⁽²⁾	262,701	32.6%			262,701	32.6%	279,131	32.6%			279,131	32.6%
Restaurant Expenses ⁽²⁾	<u>187,216</u>	23.3%			<u>187,216</u>	23.3%	<u>195,614</u>	22.9%			<u>195,614</u>	22.9%
Company Restaurant Expenses	665,279	82.6%			665,279	82.6%	699,185	81.7%			699,185	81.7%
Depreciation and Amortization ⁽³⁾	39,050	4.7%			39,050	4.7%	39,033	4.4%			39,033	4.4%
General and Administrative ⁽³⁾	30,170	3.7%			30,170	3.7%	32,403	3.7%			32,403	3.7%
Other Gains and Charges ⁽³⁾	<u>3,864</u>	0.5%			-	0.0%	<u>11,726</u>	1.3%	<u>(11,726)</u>		<u>-</u>	0.0%
Total Operating Costs and Expenses	<u>738,363</u>	89.5%	<u>(3,864)</u>	<u>-</u>	<u>734,499</u>	89.1%	<u>782,347</u>	88.7%	<u>(11,726)</u>		<u>770,621</u>	87.4%
Operating Income	86,276	10.5%	3,864	-	90,140	10.9%	99,334	11.3%	11,726		111,060	12.6%
Interest Expense	8,403	1.0%			8,403	1.0%	8,497	1.0%			8,497	1.0%
Other, Net	<u>(277)</u>	0.0%			<u>(277)</u>	0.0%	<u>(375)</u>	0.0%			<u>(375)</u>	0.0%
Income Before Provision for Income Taxes	78,150	9.5%	3,864		82,014	9.9%	91,212	10.3%	11,726		102,938	11.7%
Provision for Income Taxes	<u>20,648</u>	26.4%	<u>1,478</u>	<u>2,580</u>	<u>24,706</u>	30.1%	<u>28,995</u>	31.8%	<u>4,485</u>	<u>(229)</u>	<u>33,251</u>	32.3%
Net Income	<u>\$ 57,502</u>	7.0%	<u>\$ 2,386</u>	<u>\$ (2,580)</u>	<u>\$ 57,308</u>	6.9%	<u>\$ 62,217</u>	7.1%	<u>\$ 7,241</u>	<u>\$ 229</u>	<u>\$ 69,687</u>	7.9%
Basic Earnings per Share	\$ 1.01		\$ 0.04	\$ (0.04)	\$ 1.01		\$ 1.12		\$ 0.13	\$ (0.00)	\$ 1.25	
Diluted Earnings per Share	\$ 1.00		\$ 0.04	\$ (0.04)	\$ 1.00		\$ 1.10		\$ 0.14	\$ (0.00)	\$ 1.24	
Basic Weighted Average Shares	56,673		56,673	56,673	56,673		55,657		55,657	55,657	55,657	
Diluted Weighted Average Shares	57,407		57,407	57,407	57,407		56,394		56,394	56,394	56,394	

(a) Non - GAAP information excluding the impact of Special Items is provided to allow the reader to gain insight into the company's ongoing operations.

(b) Discrete tax items result from the resolution of certain tax positions which directly impacts tax expense.

⁽¹⁾ Franchise and other revenues primarily includes royalties, development fees and franchise fees, banquet service charge income, and gift card activity (breakage and discounts); tabletop device revenue, Chili's retail food product royalties and delivery fee income.

⁽²⁾ As a percentage of company sales

⁽³⁾ As a percentage of total revenues

BRINKER INTERNATIONAL, INC.
Statement of Income
YTD Fiscal 2016
(In thousands)

(Updated August 10, 2017) In fiscal 2017, we discovered immaterial errors in prior years relating to the accuracy of certain tax accounts. As such, we have revised our previously-reported consolidated financial statements for fiscal 2016. The revisions include a net increase in the provision for income taxes of \$0.1 million for fiscal 2016, all of which was recorded in the fourth quarter of fiscal 2016. These revisions had no impact on the results for first three quarters of fiscal 2016.

	YTD F16 Reported	%	Special Items (a)	Discrete Tax Items (b)	YTD F16 Adjusted	%
Revenues						
Company Sales	\$ 3,166,659	97.2%			\$ 3,166,659	97.2%
Franchise and Other Revenues ⁽¹⁾	90,830	2.8%			90,830	2.8%
Total Revenues	<u>3,257,489</u>	100.0%			<u>3,257,489</u>	100.0%
Operating Costs and Expenses						
Company Restaurants (excluding depreciation and amortization):						
Cost of Sales ⁽²⁾	840,204	26.5%			840,204	26.5%
Restaurant Labor ⁽²⁾	1,036,005	32.7%			1,036,005	32.7%
Restaurant Expenses ⁽²⁾	<u>762,663</u>	24.1%			<u>762,663</u>	24.1%
Company Restaurant Expenses	2,638,872	83.3%			2,638,872	83.3%
Depreciation and Amortization ⁽³⁾	156,368	4.8%			156,368	4.8%
General and Administrative ⁽³⁾	127,593	3.9%			127,593	3.9%
Other Gains and Charges ⁽³⁾	<u>17,180</u>	0.5%	<u>(17,180)</u>		<u>-</u>	0.0%
Total Operating Costs and Expenses	<u>2,940,013</u>	90.3%	<u>(17,180)</u>		<u>2,922,833</u>	89.7%
Operating Income	317,476	9.7%	17,180		334,656	10.3%
Interest Expense	32,574	0.9%			32,574	1.0%
Other, Net	<u>(1,485)</u>	0.0%			<u>(1,485)</u>	0.0%
Income Before Provision for Income Taxes	286,387	8.8%	17,180		303,567	9.3%
Provision for Income Taxes	<u>85,767</u>	29.9%	<u>6,541</u>	<u>3,163</u>	<u>95,471</u>	31.4%
Net Income	<u>\$ 200,620</u>	6.2%	<u>\$ 10,639</u>	<u>\$ (3,163)</u>	<u>\$ 208,096</u>	6.4%
Basic Earnings per Share	\$ 3.47		\$ 0.18	\$ (0.05)	\$ 3.59	
Diluted Earnings per Share	\$ 3.42		\$ 0.18	\$ (0.05)	\$ 3.55	
Basic Weighted Average Shares	57,895		57,895	57,895	57,895	
Diluted Weighted Average Shares	58,684		58,684	58,684	58,684	

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