UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON D.C. 20549

FORM 10-Q

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

SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 28, 2001

Commission File Number 1-10275

BRINKER INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

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

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

(972) 980-9917
(Registrant's telephone number, including area code)

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

Yes X No

Number of shares of common stock of registrant outstanding at March 28, 2001: 99,763,057

BRINKER INTERNATIONAL, INC.

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PART I. FINANCIAL INFORMATION

BRINKER INTERNATIONAL, INC.
Condensed Consolidated Balance Sheets
(In thousands)

	March 28, 2001 (Unaudited)	June 28, 2000
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 15,081	$ 12,343
Accounts Receivable	29,410	20,378
Inventories	19,577	16,448
Prepaid Expenses	51,564	50,327
Deferred Income Taxes	863	2,127
Other	2,000	2,000
Total Current Assets	118,495	103,623
Property and Equipment, at Cost:		
Land	193,829	178,025
Buildings and Leasehold Improvements	818,438	739,795
Furniture and Equipment	444,036	396,089
Construction-in-Progress	81,873	57,167
	1,538,176	1,371,076
Less Accumulated Depreciation and Amortization	546,443	482,944
Net Property and Equipment	991,733	888,132
Other Assets:		
Goodwill	115,455	71,561
Other	87,549	99,012
Total Other Assets	203,004	170,573
Total Assets	$ 1,313,232	$ 1,162,328

(continued)

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

LIABILITIES AND SHAREHOLDERS' EQUITY	March 28, 2001 (Unaudited)	June 28, 2000
Current Liabilities:		
Current Installments of Long-term Debt	$ 14,635	$ 14,635
Accounts Payable	116,925	104,461
Accrued Liabilities	124,113	111,904
Total Current Liabilities	255,673	231,000
Long-term Debt, Less Current Installments	135,506	110,323
Deferred Income Taxes	13,133	7,667
Other Liabilities	57,506	51,130
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; 117,523,051 Shares Issued and 99,763,057 Shares Outstanding at March 28, 2001 and 117,542,210 Shares Issued and 98,798,342 Shares Outstanding at June 28, 2000	11,752	11,754
Additional Paid-In Capital	295,292	298,172
Retained Earnings	759,111	656,840
	1,066,155	966,766
Less:		
Treasury Stock, at Cost (17,759,994 shares at March 28, 2001 and 18,743,868 shares at June 28, 2000)	211,411	201,531
Accumulated Other Comprehensive Income	951	-
Unearned Compensation	2,379	3,027
Total Shareholders' Equity	851,414	762,208
Total Liabilities and Shareholders' Equity	$ 1,313,232	$ 1,162,328

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. 28, 2001	Mar. 29, 2000	Mar. 28, 2001	Mar. 29, 2000
Revenues	$ 626,007	$ 551,191	$1,798,553	$1,583,124
Operating Costs and Expenses:				
Cost of Sales	167,604	146,490	480,435	422,219
Restaurant Expenses	348,814	307,730	998,256	883,090
Depreciation and Amortization	25,405	22,432	73,157	67,333
General and Administrative	28,193	26,554	82,102	74,466
Total Operating Costs and Expenses	570,016	503,206	1,633,950	1,447,108
Operating Income	55,991	47,985	164,603	136,016
Interest Expense	1,906	2,882	5,580	8,400
Other, Net	284	828	1,197	2,900
Income Before Provision for Income Taxes	53,801	44,275	157,826	124,716
Provision for Income Taxes	18,938	15,673	55,555	43,586
Net Income	$ 34,863	$ 28,602	$ 102,271	$ 81,130
Basic Net Income Per Share	$ 0.35	$ 0.29	$ 1.03	$ 0.83
Diluted Net Income Per Share	$ 0.34	$ 0.29	$ 1.00	$ 0.80
Basic Weighted Average Shares Outstanding	99,450	97,898	98,868	98,235
Diluted Weighted Average Shares Outstanding	102,498	100,220	101,927	100,809

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 28, 2001	Thirty-nine Week Periods Ended March 29, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$102,271	$ 81,130
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	73,157	67,333
Amortization of Unearned Compensation	1,227	1,450
Deferred Income Taxes	7,498	5,883
Loss on Sale of Affiliate (Note 2)	387	-
Changes in Assets and Liabilities, Excluding Effects of Acquisition and Disposition:		
Receivables	(4,529)	872
Inventories	(2,815)	(390)
Prepaid Expenses	1,210	(105)
Other Assets	(6,101)	1,932
Accounts Payable	4,434	17,387
Accrued Liabilities	10,585	9,740
Other Liabilities	6,224	(675)
Net Cash Provided by Operating Activities	193,548	184,557
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for Property and Equipment	(168,073)	(138,239)
Payment for Purchase of Affiliate, Net (Note 2)	(29,560)	-
Proceeds from Sale of Affiliate, Net (Note 2)	1,000	-
Investments in Equity Method Investees	(3,443)	(953)
Net Repayments from Affiliates	975	-
Net Cash Used in Investing Activities	(199,101)	(139,192)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Borrowings (Payments) on Credit Facilities	21,830	(17,152)
Proceeds from Issuances of Treasury Stock	30,595	14,467
Purchases of Treasury Stock	(44,134)	(45,290)
Net Cash Provided by (Used in) Financing Activities	8,291	(47,975)
Net Increase (Decrease) in Cash and Cash Equivalents	2,738	(2,610)
Cash and Cash Equivalents at Beginning of Period	12,343	12,597
Cash and Cash Equivalents at End of Period	$ 15,081	$ 9,987
CASH PAID DURING THE PERIOD:		
Interest, Net of Amounts Capitalized	$ 4,694	$ 5,836
Income Taxes, Net of Refunds	$ 56,464	$ 41,153
NON-CASH TRANSACTIONS DURING THE PERIOD:		
Restricted Treasury Stock Issued	$ 800	$ 5,200
Changes in Fair Value of Interest Rate Swaps and Debt	$ 3,353	$ -
Changes in Fair Value of Forward Rate Agreements Included in Accumulated Other Comprehensive Income	($ 951)	$ -

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. and its wholly-owned subsidiaries (collectively, the "Company") as of March 28, 2001 and June 28, 2000 and for the thirteen week and thirty-nine week periods ended March 28, 2001 and March 29, 2000, respectively, have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The Company owns, operates, or franchises various restaurant concepts under the names of Chili's Grill & Bar ("Chili's"), Romano's Macaroni Grill ("Macaroni Grill"), On The Border Mexican Grill & Cantina ("On The Border"), Cozymel's Coastal Mexican Grill ("Cozymel's"), Maggiano's Little Italy ("Maggiano's"), Corner Bakery Cafe ("Corner Bakery"), and Big Bowl. In addition, the Company is involved in the ownership and has been involved in the development of the Eatzi's Market and Bakery ("Eatzi's") concept.

The information furnished herein reflects all adjustments (consisting only of normal recurring accruals and adjustments) which are, in the opinion of management, necessary to fairly state the operating results for the respective periods. However, these operating results are not necessarily indicative of the results expected for the full fiscal year. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to SEC rules and regulations. The notes to the condensed consolidated financial statements should be read in conjunction with the notes to the consolidated financial statements contained in the June 28, 2000 Form 10-K. Company management believes that the disclosures are sufficient for interim financial reporting purposes.

2. Business Combinations

Effective February 1, 2001, the Company acquired the remaining 50% interest in the Big Bowl restaurant concept from its joint venture partner for approximately $38.0 million. The Company originally invested $16.5 million in the joint venture prior to January 31, 2001. Of the total purchase price, $8.0 million (included in accounts payable in the Company's condensed consolidated balance sheet at March 28, 2001) is payable upon satisfaction of certain contingencies, but no later than June 30, 2001. The acquisition was accounted for as a purchase. Goodwill of approximately $45.2 million, representing the excess of cost over the fair value of the assets acquired, was recorded in connection with the acquisition. The operations of the restaurants are included in the Company's consolidated results of operations from the date of the acquisition. Previously, the investment was accounted for under the equity method. The results of operations on a pro forma basis are not presented separately as the results do not differ significantly from historical amounts reported herein.

Effective February 1, 2001, the Company sold its interest in the Wildfire restaurant concept for $5.0 million, of which $4.0 million (included in accounts receivable in the Company's condensed consolidated balance sheet at March 28, 2001) is due no later than June 30, 2001.

3. Stock Split

On December 8, 2000, the Board of Directors declared a three-for-two stock split, effected in the form of a 50% stock dividend, to shareholders of record on January 3, 2001, payable on January 16, 2001. As a result of the split, 39.2 million shares of common stock were issued on January 16, 2001. All references to number of shares and per share amounts of common stock have been restated to reflect the stock split. Shareholders' equity accounts have been restated to reflect the reclassification of an amount equal to the par value of the increase in issued common shares from the retained earnings account to the common stock account.

4. Treasury Stock

Pursuant to the Company's $210.0 million stock repurchase plan and in accordance with applicable securities regulations, the Company repurchased approximately 416,000 shares of its common stock for $10.6 million during the third quarter of fiscal 2001, resulting in a cumulative repurchase total of approximately 10.1 million shares of its common stock for $170.1 million. The Company's stock repurchase plan is used by the Company to offset the dilutive effect of stock option exercises and to increase shareholder value. The repurchased common stock is reflected as a reduction of shareholders' equity.

5. Derivative Financial Instruments and Hedging Activities

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, on June 29, 2000. SFAS No. 133 requires that all derivative instruments be recorded in the statement of financial position at fair value. The accounting for the gain or loss due to changes in fair value of the derivative instrument depends on whether the derivative instrument qualifies as a hedge. If the derivative instrument does not qualify as a hedge, the gains or losses are reported in earnings when they occur. However, if the derivative instrument qualifies as a hedge, the accounting varies based on the type of risk being hedged.

The Company attempts to maintain a reasonable balance between fixed and floating rate debt and uses interest rate swaps and forward rate agreements to accomplish this objective. The swap and forward rate contracts are entered into in accordance with guidelines set forth in the Company's hedging policies. The Company utilizes interest rate swaps and forward rate agreements to manage overall borrowing costs and reduce exposure to adverse fluctuations in interest rates, and to protect the fair value of debt on the financial statements.

The Company assesses interest rate risk by continually identifying and monitoring changes in interest rates that may adversely impact expected future cash flows and the fair value of its debt by evaluating hedging opportunities. The Company maintains risk management control systems to monitor the risks attributable to both the Company's outstanding and forecasted transactions as well as offsetting hedge positions. The risk management control systems involve the use of analytical techniques to estimate the expected impact of changes in interest rates on the Company's future cash flows and the fair value of its debt. The Company does not use derivative instruments for purposes other than hedging. The Company utilizes various derivative hedging instruments, as discussed below, to hedge its interest rate risk when appropriate.

The Company's financing activities include both fixed (7.8% senior notes) and variable (credit facilities) rate debt. The fixed-rate debt is exposed to changes in fair value as market-based interest rates fluctuate. Variable-rate debt is exposed to cash flow risk due to the effects of changes in interest rates. These financial exposures are monitored and managed by the Company as an integral part of its overall risk management program.

The Company enters into interest rate swaps to manage fluctuations in interest expense and to maintain the value of fixed-rate debt.

The Company has entered into two interest rate swaps with a total notional value of $71.4 million at March 28, 2001. This fair value hedge changes the fixed-rate interest on the entire balance of the Company's 7.8% senior notes to variable-rate interest. Under the terms of the hedges (which expire in fiscal 2005), the Company pays semi-annually a variable interest rate based on either LIBOR (5.4% at March 28, 2001) plus 0.530% or LIBOR plus 0.535%, in arrears, compounded at three-month intervals. The Company receives semi-annually the fixed interest rate of 7.8% on the senior notes. The estimated fair value of these agreements at March 28, 2001 was approximately $3.4 million, which is included in other assets in the Company's condensed consolidated balance sheet at March 28, 2001. The Company's interest rate swap hedges meet the criteria for the "short-cut method" under SFAS No. 133. Accordingly, the changes in fair value of the swaps are offset by a like adjustment to the carrying value of the debt and no hedge ineffectiveness is assumed. As a result, the adoption of SFAS No. 133 for the fair value hedge had no effect on earnings at adoption or during fiscal 2001.

The Company enters into forward rate agreements to lock in the interest cash outflows on its floating rate debt. The Company has entered into forward rate agreements with varying notional values, ranging from $27.0 million to $41.0 million, at March 28, 2001. These cash flow hedges change the variable-rate interest on a portion of the Company's LIBOR plus 0.5% revolving credit facility to fixed-rate interest. Under the terms of the hedges (which expire at various dates beginning April 2001 through April 2002), the Company pays quarterly a fixed interest rate ranging from 5.97% to 6.65%. The Company receives quarterly the variable interest rate of LIBOR, based on a three-month interval, on the forward rate agreements. Interest expense for the quarter ended March 28, 2001 was not materially affected by any cash flow hedges' ineffectiveness arising from differences between the critical terms of the forward rate agreements and the hedged debt obligation.

The estimated fair value of the forward rate agreements at March 28, 2001 was a liability of approximately $951,000, which is included in accrued liabilities in the Company's condensed consolidated balance sheet. Changes in the fair value of forward rate agreements designated as hedging instruments of the variability of cash flows associated with floating-rate, long-term debt obligations are reported in accumulated other comprehensive income. These amounts subsequently are reclassified into interest expense as a yield adjustment in the same period in which the related interest on the floating-rate debt obligations affect earnings. During the upcoming twelve months, approximately $951,000 of net losses in accumulated other comprehensive income related to the forward rate agreements are expected to be reclassified into interest expense as a yield adjustment of the hedged debt obligation.

6. Comprehensive Income

Comprehensive income consists of net income and the effective unrealized portion of changes in the fair value of the Company's cash flow hedges. Comprehensive income was approximately $34.2 million and $101.7 million for the thirteen and thirty-nine week periods ended March 28, 2001, respectively. There were no differences between net income and comprehensive income in fiscal year 2000.

7. Subsequent Event

In April 2001, the Company acquired from its franchise partner, NE Restaurant Company, Inc. ("NERCO"), forty Chili's, three Chili's sites under construction, and seven On The Border locations. Total consideration, subject to closing adjustments, was approximately $93.5 million, of which approximately $40.9 million represented the assumption of debt.

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 income.

	13 Week Periods Ended		39 Week Periods Ended	
	Mar. 28, 2001	Mar. 29, 2000	Mar. 28, 2001	Mar. 29, 2000
Revenues	100.0%	100.0%	100.0%	100.0%
Operating Costs and Expenses:				
Cost of Sales	26.8%	26.6%	26.7%	26.7%
Restaurant Expenses	55.7%	55.8%	55.5%	55.8%
Depreciation and Amortization	4.1%	4.1%	4.1%	4.3%
General and Administrative	4.5%	4.8%	4.6%	4.7%
Total Operating Costs and Expenses	91.1%	91.3%	90.8%	91.4%
Operating Income	8.9%	8.7%	9.2%	8.6%
Interest Expense	0.3%	0.5%	0.3%	0.5%
Other, Net	0.0%	0.2%	0.1%	0.2%
Income Before Provision for Income Taxes	8.6%	8.0%	8.8%	7.9%
Provision for Income Taxes	3.0%	2.8%	3.1%	2.8%
Net Income	5.6%	5.2%	5.7%	5.1%

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

	Third Quarter Openings		Year-to-Date Openings		Total Open at End of Third Quarter	
	Fiscal 2001	Fiscal 2000	Fiscal 2001	Fiscal 2000	Fiscal 2001	Fiscal 2000
Chili's:						
Company-owned	9	8	22	28	487	462
Franchised	9	9	27	25	243	211
Total	18	17	49	53	730	673
Macaroni Grill:						
Company-owned	5	2	11	11	156	139
Franchised	--	1	2	1	6	4
Total	5	3	13	12	162	143
On The Border:						
Company-owned	4	3	9	13	91	80
Franchised	--	2	2	5	29	28
Total	4	5	11	18	120	108
Cozymel's	--	--	--	--	13	13
Maggiano's	--	1	1	2	13	12
Corner Bakery:						
Company-owned	1	--	3	6	58	55
Franchised	--	--	1	1	2	1
Total	1	--	4	7	60	56
Big Bowl	1	--	1	--	7	4
Eatzi's	--	--	--	--	4	4
Wildfire	--	--	--	--	--	3
Grand total	29	26	79	92	1,109	1,016

REVENUES

Revenues for the third quarter of fiscal 2001 increased to $626.0 million, 13.6% over the $551.2 million generated for the same quarter of fiscal 2000. Revenues for the thirty-nine week period ended March 28, 2001 rose 13.6% to $1,798.6 million from the $1,583.1 million generated for the same period of fiscal 2000. The increases are primarily attributable to a net increase of 64 company-owned restaurants since March 29, 2000 and an increase in comparable store sales for the third quarter of fiscal 2001 compared to the same quarter of fiscal 2000. The Company increased its capacity (as measured in sales weeks) for the third quarter and year-to-date of fiscal 2001 by 8.1% compared to the respective prior year periods. Comparable store sales increased 5.2% for the third quarter and year-to-date from the same periods of fiscal 2000. Menu prices in the aggregate increased 1.9% in fiscal 2001 as compared to fiscal 2000.

COSTS AND EXPENSES (as a percent of Revenues)

Cost of sales increased for the third quarter and remained flat for year-to-date fiscal 2001 as compared to the respective periods of fiscal 2000 due to product mix changes to menu items with higher percentage food costs and unfavorable commodity price variances for produce and alcohol, which were partially offset during the third quarter of fiscal 2001 and fully offset during the fiscal year by menu price increases and favorable commodity price variances for dairy and cheese.

Restaurant expenses decreased for the third quarter and year-to-date of fiscal 2001 compared to the respective periods of fiscal 2000. Restaurant labor wage rates and utility costs were higher than in the prior year, but were more than fully offset by increased sales leverage, improvements in labor productivity, menu price increases, and a decrease in preopening costs year-over-year.

Depreciation and amortization remained flat for the third quarter and decreased year-to-date of fiscal 2001 compared to fiscal 2000. Depreciation and amortization decreases resulted from increased sales leverage and a declining depreciable asset base for older units. Partially offsetting these decreases were increases in depreciation and amortization related to new unit construction and ongoing remodel costs.

General and administrative expenses decreased for both the third quarter and year-to-date of fiscal 2001 compared to the respective periods of fiscal 2000 as a result of the Company's continued focus on controlling corporate expenditures relative to increasing revenues and sales leverage.

Interest expense decreased for both the third quarter and year-to-date of fiscal 2001 compared with the respective periods of fiscal 2000 as a result of decreased average borrowings on the Company's credit facilities, increased sales leverage and a decrease in interest expense on senior notes due to the scheduled repayment made in April 2000. These decreases were partially offset by a decrease in interest capitalization year-over-year.

NET INCOME AND NET INCOME PER SHARE

Net income for the third quarter and year-to-date of fiscal 2001 increased 21.9% and 26.1%, respectively, compared to the respective periods of fiscal 2000. Diluted net income per share for the third quarter and year-to-date of fiscal 2001 increased 17.2% and 25.0%, respectively, compared to the respective periods of fiscal 2000.

The increase in both net income and diluted net income per share was mainly due to an increase in revenues resulting from increases in capacity (as measured in sales weeks), comparable store sales, and menu prices and decreases in restaurant and depreciation and amortization expenses as a percent of revenues.

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 through a combination of menu price increases and reviewing, then implementing, alternative products or processes.

LIQUIDITY AND CAPITAL RESOURCES

The working capital deficit increased from $127.4 million at June 28, 2000 to $137.2 million at March 28, 2001. Net cash provided by operating activities increased to $193.5 million for the first nine months of fiscal 2001 from $184.6 million during the same period in fiscal 2000 due to increased profitability, partially offset by the timing of operational receipts and payments.

Long-term debt outstanding at March 28, 2001 consisted of $74.8 million of unsecured senior notes ($71.4 million principal plus $3.4 million representing the effect of changes in interest rates on the fair value of the debt), $75.3 million of borrowings on credit facilities, and obligations under capital leases. The Company has credit facilities totaling $325 million. At March 28, 2001, the Company had $251.1 million in available funds from these facilities.

As of March 28, 2001, $16.2 million of the Company's $25.0 million equipment leasing facility and $24.5 million of the Company's $50.0 million real estate leasing facility had been utilized. The unused portion of the real estate leasing facility will be used to lease real estate through fiscal year 2002.

Capital expenditures consist of purchases of land for future restaurant sites, new restaurants under construction, purchases of new and replacement restaurant furniture and equipment, and ongoing remodeling programs. Capital expenditures, net of amounts funded under the respective equipment and real estate leasing facilities, were $168.1 million for the first nine months of fiscal 2001 compared to $138.2 million for the same period of fiscal 2000. The increase is due primarily to a reduction in the amount of new restaurant expenditures funded by leasing facilities and the acquisition of formerly leased equipment in accordance with the various leasing facilities participated in by the Company, partially offset by a decrease in the number of new store openings. The Company estimates that its capital expenditures, net of amounts expected to be funded under leasing facilities, during the fourth quarter of fiscal 2001 will approximate $54.8 million. These capital expenditures will be funded entirely from existing operations.

The acquisition of the remaining 50% interest in the Big Bowl restaurant concept on February 1, 2001 was financed through existing credit facilities and operating cash flow. During April 2001, the Company spent approximately $93.5 million, of which approximately $40.9 million represented assumption of debt, for the purchase of forty Chili's, three Chili's sites under construction, and seven On The Border locations from a franchise partner, NE Restaurant Company, Inc. The acquisition was financed through existing credit facilities and operating cash flow.

Pursuant to the Company's $210.0 million stock repurchase plan, approximately 416,000 shares of its common stock were repurchased for $10.6 million during the third quarter of fiscal 2001 in accordance with applicable securities regulations. Currently, approximately 10.1 million shares have been repurchased for $170.1 million under the stock repurchase plan. The repurchased common stock was or will be used by the Company to offset the dilutive effect of stock option exercises and to increase shareholder value. The repurchased common stock is reflected as a reduction of shareholders' equity. The Company financed the repurchase program through a combination of cash provided by operations and borrowings on its available credit facilities.

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

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk from changes in interest rates on debt and certain leasing facilities and from changes in commodity prices. A discussion of the Company's accounting policies for derivative financial instruments and hedging activities is included in the Notes to the Condensed Consolidated Financial Statements.

The Company's net exposure to interest rate risk consists of floating rate instruments that are benchmarked to U.S. and European short-term interest rates. The Company may from time to time utilize interest rate swaps and forwards to manage overall borrowing costs and reduce exposure to adverse fluctuations in interest rates. The Company does not use derivative instruments for trading purposes and the Company has procedures in place to monitor and control derivative use.

The Company is exposed to interest rate risk on short-term and long-term financial instruments carrying variable interest rates. The Company's variable rate financial instruments, including the outstanding credit facilities and the notional amounts of the interest rate swaps, totaled $145.3 million at March 28, 2001. The impact on the Company's results of operations for the quarter of a one-point interest rate change on the outstanding balance of the variable rate financial instruments as of March 28, 2001 would be approximately $363,000.

The Company purchases certain commodities such as beef, chicken, flour and cooking oil. These commodities are generally purchased based upon market prices established with vendors. These purchase arrangements may contain contractual features that limit the price paid by establishing certain price floors or caps. The Company does not use financial instruments to hedge commodity prices because existing purchase arrangements help control the ultimate cost paid and any commodity price aberrations are generally short term in nature.

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.

FORWARD-LOOKING STATEMENTS

The foregoing Management's Discussion and Analysis of Financial Condition and Results of Operations contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on assumptions concerning risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, could cause the actual results to materially differ from those expressed in the forward-looking statements. The Company cautions that the forward-looking statements are qualified by important factors that could cause actual results to differ materially from those contained herein including the highly competitive nature of the restaurant industry, general business conditions, the seasonality of the Company's business, governmental regulations, inflation, consumer perceptions of food safety, changes in consumer tastes, changes in local, regional and national economic conditions, changes in demographic trends, food, labor, fuel and utilities costs, future commodity prices, availability of food products, materials and employees, weather and other acts of God, and the ability of the Company to meet its growth plan which is subject to (a) identifying available, suitable and economically viable locations for new restaurants, (b) obtaining all required governmental permits (including zoning approvals and liquor licenses) on a timely basis, (c) hiring all necessary contractors and subcontractors, and (d) meeting construction schedules.

PART II. OTHER INFORMATION

None.

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, 2001 By:___________________________________
Ronald A. McDougall, Chairman and
Chief Executive Officer
(Duly Authorized Signatory)

Date: May 10, 2001 By:____
Charles M. Sonsteby, Senior Vice President,
Investor Relations and Finance, and
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)