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 December 27, 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 December 27, 1995: 76,617,908.

BRINKER INTERNATIONAL, INC.

INDEX

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

	DECEMBER 27, 1995	JUNE 28, 1995
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 44,492	$ 38,780
Accounts Receivable	14,400	17,952
Assets Held for Sale and Leaseback	93	68
Inventories	10,928	10,312
Prepaid Expenses	23,716	22,485
Deferred Income Taxes	4,345	4,389
Total Current Assets	97,974	93,986
Property and Equipment, at Cost:		
Land	146,967	148,123
Buildings and Leasehold Improvements	379,609	358,717
Furniture and Equipment	220,992	214,275
Construction-in-Progress	40,189	49,500
	787,757	770,615
Less Accumulated Depreciation	229,880	202,542
Net Property and Equipment	557,877	568,073
Other Assets:		
Marketable Securities	33,088	34,696
Goodwill	73,988	9,708
Other	33,738	26,342
Total Other Assets	140,814	70,746
Total Assets	$ 796,665	$ 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)

	DECEMBER 27, 1995	JUNE 28, 1995
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current Installments of Long-term Debt	$ 393	$ 1,593
Accounts Payable	22,404	34,252
Accrued Liabilities	68,073	60,518
Total Current Liabilities	90,870	96,363
Long-term Debt, Less Current Installments	102,784	103,086
Deferred Income Taxes	13,685	13,497
Other Liabilities	22,685	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; 76,617,908 and 72,073,597 Shares Issued and Outstanding at December 27, 1995 and June 28, 1995, Respectively	7,662	7,207
Additional Paid-In Capital	257,921	190,919
Unrealized Loss on Marketable Securities	(1,090)	(1,451)
Retained Earnings	302,148	300,122

Total Shareholders' Equity	566,641	496,797
Total Liabilities and Shareholders' Equity	$ 796,665	$ 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		26 Weeks Ended	
	Dec. 27, 1995	Dec. 28, 1994	Dec. 27, 1995	Dec. 28, 1994
Revenues	$ 289,656	$ 246,607	$ 579,116	$ 493,679
Costs and Expenses:				
Cost of Sales	83,675	67,097	167,333	133,373
Restaurant Expenses	156,109	128,475	309,014	255,322
Depreciation and Amortization	16,201	14,163	32,273	27,949
General & Administrative	13,578	12,636	26,575	24,860
Interest Expense	892	---	1,659	---
Gain on Sales of Concepts	(9,262)	---	(9,262)	---
Restructuring Charge	50,000	---	50,000	---
Other, Net	(687)	(492)	(1,593)	(1,309)
Total Costs and Expenses	310,506	221,879	575,999	440,195
Income (Loss) Before Provision for Income Taxes	(20,850)	24,728	3,117	53,484
Provision for Income Taxes	(7,297)	8,655	1,091	18,863
Net Income (Loss)	$ (13,553)	$ 16,073	$ 2,026	$ 34,621
Primary and Fully Diluted Net Income Per Share	$ (0.18)	$ 0.22	$ 0.03	$ 0.46
Primary Weighted Average Shares Outstanding	76,626	74,391	76,932	74,584
Fully Diluted Weighted Average Shares Outstanding	76,626	74,391	76,987	74,653

See Accompanying Notes to Condensed Consolidated Financial Statements

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

	Twenty-Six Weeks Ended	
	December 27, 1995	December 28, 1994
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Income	$ 2,026	$ 34,621
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation of Property and Equipment	27,417	23,041
Amortization of Other Assets	4,856	4,908
Gain on Sales of Concepts	(9,262)	---
Restructuring Charge	50,000	---
Net Loss on Sales of Marketable Securities	597	---
Changes in Assets and Liabilities, Excluding Effects of Acquisitions and Dispositions:		
Decrease (Increase) in Accounts Receivable	4,457	(5,326)
Increase in Inventories	(1,325)	(1,152)
Increase in Prepaid Expenses	(2,988)	(2,063)
Increase in Other Assets	(8,000)	(8,790)
Decrease in Accounts Payable	(28,549)	(3,699)
Increase (Decrease) in Accrued Liabilities	(7,559)	2,384
Increase in Deferred Income Taxes	48	2,547

Decrease in Other Liabilities	(281)	(1,843)
Net Cash Provided by Operating Activities	31,437	44,628
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for Property and Equipment	(100,339)	(76,508)
Purchases of Marketable Securities	(13,923)	(4,923)
Proceeds from Sales of Marketable Securities	15,479	18,594
Proceeds from Sales of Concepts	73,115	---
Other	350	(38)
Net Cash Used in Investing Activities	(25,318)	(62,875)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of Short-term Debt	---	12,050
Payments of Long-term Debt	(1,502)	(1,332)
Proceeds from Issuances of Common Stock	1,095	4,895
Net Cash Provided by (Used in) Financing Activities	(407)	15,613
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,712	(2,634)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	38,780	3,743
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 44,492	$ 1,109
CASH PAID DURING THE PERIOD:		
Income Taxes, Net	$ 15,003	$21,107
Interest, Net of Amounts Capitalized	$ 1,594	$ ---
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 December 27, 1995 and June 28, 1995 and for the thirteen weeks and twenty-six weeks ended December 27, 1995 and December 28, 1994 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 - A Very 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 (Loss) Per Share

Both primary and fully diluted net income (loss) 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. Common equivalent shares for the second quarter of fiscal 1996 are excluded from the net loss per share computation because they were anti-dilutive.

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 December 27, 1995, the remaining balance of the restructuring reserve was approximately $10 million and primarily relates to costs to settle lease obligations which are expected to be settled by the end of fiscal 1996. 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 the Kona Ranch Steak House concepts during the second quarter of fiscal 1996, recognizing a gain of approximately $9.3 million.

4. Subsequent Event

On January 30, 1996, the Board of Directors of the Company adopted a Stockholder Protection Rights Plan (the "Plan") and declared a dividend of one right on each outstanding share of common stock, payable on February 9, 1996. The rights will be evidenced by the common stock certificates, will 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.

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		26 Weeks Ended	
	Dec. 27, 1995	Dec. 28, 1994	Dec. 27, 1995	Dec. 28, 1994
Revenues	100.0%	100.0%	100.0%	100.0%
Costs and Expenses:				
Cost of Sales	28.9%	27.2%	28.9%	27.0%
Restaurant Expenses	53.9%	52.1%	53.4%	51.7%
Depreciation and Amortization	5.6%	5.7%	5.6%	5.7%
General & Administrative	4.7%	5.1%	4.6%	5.0%
Interest Expense	0.3%	---	0.3%	---
Other, Net	(0.2)%	(0.1)%	(0.3)%	(0.2)%
Total Costs & Expenses Before Restructuring Related Items	93.2%	90.0%	92.5%	89.2%
Gain on Sales of Concepts	(3.2)%	---	(1.6)%	---
Restructuring Charge	17.2%	---	8.6%	---
Total Costs & Expenses After Restructuring Related Items	107.2%	90.0%	99.5%	89.2%
Income (Loss) Before Provision for Income Taxes	(7.2)%	10.0%	0.5%	10.8%
Provision for Income Taxes	(2.5)%	3.5%	0.2%	3.8%
Net Income (Loss)	(4.7)%	6.5%	0.3%	7.0%

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

	2nd Quarter Openings		Year-to-Date Openings		Total Open at End of Second Quarter	
	Fiscal 1996	Fiscal 1995	Fiscal 1996	Fiscal 1995	Fiscal 1996	Fiscal 1995
Chili's:						
Company-owned	11	6	25	22	339	302
Franchised	7	9	15	17	123	95
Total	18	15	40	39	462	397

Macaroni Grill:						
Company-owned	7	7	11	11	61	45
Franchised	1	--	1	--	2	1
Total	8	7	12	11	63	46
On The Border:						
Company-owned	2	1	4	1	19	15
Franchised	--	--	--	--	4	6
Total	2	1	4	1	23	21
Cozymel's:						
Company-owned	2	--	3	--	6	1
Joint Venture	--	--	--	--	--	1
Total	2	--	3	--	6	2
Maggiano's	--	--	--	--	3	--
Corner Bakery	1	--	2	--	6	--
Wildfire:						
Joint Venture	1	--	1	--	1	--
Grady's	1	5	6	6	4 (a)	39
Spageddies:						
Company-owned	1	3	4	3	4 (a)	9
Franchised	1	1	2	1	--	1
Total	2	4	6	4	4	10
Grand Total	35	32	74	61	572	515

(a) Subsequent to the end of the second quarter of fiscal 1996, two Grady's and four Spageddies restaurants were closed.

REVENUES

Revenues for the second quarter of fiscal 1996 increased to $289.7 million, 17.5% over the $246.6 million generated for the same quarter of fiscal 1995. Revenues for the twenty-six weeks ended December 27, 1995 rose 17.3% to $579.1 million from the $493.7 million generated for the same period of fiscal 1995. The increase is primarily attributable to the 93 Company-operated restaurants opened or acquired since December 28, 1994. The Company increased its capacity (as measured in store weeks) for the second quarter and year-to-date of fiscal 1996 by 19.1% and 19.8%, respectively, compared to the respective prior year periods. Average weekly sales declined 1.5% and 2.2% for the second quarter and year-to-date, respectively, from the same periods of fiscal 1995.

COSTS AND EXPENSES (as a percent of Revenues)

Cost of sales increased to 28.9% for both the second 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 second 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 decreased slightly for both the second 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 declined in the second quarter and year-to-date of fiscal 1996 compared to the respective fiscal 1995 periods due to decreased profit sharing expenses, 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 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 both the second quarter and year-to-date 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 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 substantially completed by the end of fiscal 1996. The Company recorded a $50.0 million restructuring charge during the thirteen weeks ended December 27, 1995 to cover cost 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 the 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 35.0% for the second quarter and year-to-date of fiscal 1996 compared to 35.0% and 35.3% 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

Operating results before restructuring related items (gain on sales of concepts and restructuring charge) for the second quarter and year-to-date are summarized as follows (in millions, except per share amounts):

	13 Weeks Ended		26 Weeks Ended	
	Dec. 27, 1995	Dec. 28, 1994	Dec. 27, 1995	Dec. 28, 1994
Income Before Restructuring Related Items and Income Taxes	$ 19.9	$ 24.7	$ 43.8	$ 53.5
Income Taxes Before Restructuring Related Items	7.0	8.6	15.3	18.9
Net Income Before Restructuring Related Items	$ 12.9	$ 16.1	$ 28.5	$ 34.6
Net Income Per Share Before Restructuring Related Items	$ 0.17	$ 0.22	$ 0.37	$ 0.46

Net income before restructuring related items for the second quarter and year-to-date declined 19.6% and 17.7%, respectively, compared to fiscal 1995. Primary net income per share before restructuring related items for the second quarter and year-to-date declined 22.7% and 19.6%, respectively. The decrease in net income before restructuring related items in light of the increase in revenues was due to the decline in average weekly store 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 increased from a deficit of $2.4 million at June 28, 1995 to $7.1 million at December 27, 1995, due to proceeds received from the sales of concepts offset primarily by the recording of the restructuring reserve and the Company's capital expenditures. Net cash provided by operating activities decreased to $31.4 million for the first half of fiscal 1996 from $44.6 million during the same period in fiscal 1995 due to timing of operational receipts and payments.

Long-term debt outstanding at December 27, 1995 consisted of $100 million of unsecured senior notes and obligations under capital leases. At December 27, 1995, the Company had $238 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 $100.3 million for the six months ended December 27, 1995 as compared to $76.5 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 third quarter will approximate $60 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 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

The Company's Proxy Statement dated September 26, 1995 for the Annual Meeting of Shareholders held on November 2, 1995, as filed with the Securities and Exchange Commission on September 25, 1995, is incorporated herein by reference.

(a) The Annual Meeting of Shareholders of the Company was held on November 2, 1995.

(b) Each of the management's nominees, as described in the Proxy Statement referenced above, was elected a director to hold office until the next annual meeting of shareholders or until his or her successor is elected and qualified.

Number of Affirmative Votes Cast	Number of Withhold Authority Votes Cast
64,843,019	208,854

(c) The following matters were also voted upon at the meeting and approved by the shareholders:

(i) approval of an amendment to the Company's 1992 Incentive Stock Option Plan

Number of Affirmative Votes Cast	Number of Negative Votes Cast
46,598,207	18,244,775

Number of Abstain Votes Cast
208,891

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 October 18, 1995, was filed with the Securities and Exchange Commission on November 3, 1995. This Form 8-K contained the text of two press releases issued by the Company on October 18, 1995 and November 2, 1995. The October 18, 1995 press release announced (i) the Company's earnings for the first quarter of its 1996 fiscal year and (ii) the adoption of a strategic plan to focus future restaurant development of those restaurant concepts with the greatest return potential to the Company and to dispose of or convert 30 to 40 restaurants that did not meet management's expectations. The November 2, 1995 press release announced the execution of agreements providing for the sale of the Grady's American Grill and Spageddies Italian Kitchen concepts to Quality Dining, Inc.

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: February 9, 1996 By: /Ronald A. McDougall
Ronald A. McDougall, President and Chief
Operating Officer
(Duly Authorized Signatory)

Date: February 9, 1996 By: /Debra L. Smithart
Debra L. Smithart, Executive Vice President
and Chief Financial Officer
(Principal Financial and Accounting Officer)

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S SECOND 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-27-1995
44,492
33,088
14,637
(237)
10,928
97,974
787,757
(229,880)
796,665
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