FORM 10-Q

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 26, 1997

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 26, 1997: 67,470,737

BRINKER INTERNATIONAL, INC.

INDEX

BRINKER INTERNATIONAL, INC.

Condensed Consolidated Balance Sheets
(In thousands)
(Unaudited)

ASSETS	March 26, 1997	June 26, 1996
Current Assets:		
Cash and Cash Equivalents	$ 11,168	$ 27,073
Marketable Securities	46,412	-
Accounts Receivable	18,940	14,142
Inventories	12,037	10,839
Prepaid Expenses	28,352	24,648
Deferred Income Taxes	10,818	11,653
Total Current Assets	127,727	88,355
Property and Equipment, at Cost:		
Land	168,551	150,391
Buildings and Leasehold Improvements	511,147	430,037
Furniture and Equipment	283,120	240,880
Construction-in-Progress	49,770	31,923
	1,012,588	853,231
Less Accumulated Depreciation and Amortization	283,616	242,001
Net Property and Equipment	728,972	611,230
Other Assets:		
Marketable Securities	-	70,012
Goodwill	79,003	73,250
Other	56,158	45,987
Total Other Assets	135,161	189,249
Total Assets	$ 991,860	$888,834

(continued)

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

LIABILITIES AND SHAREHOLDERS' EQUITY	March 26, 1997	June 26, 1996
Current Liabilities:		
Short-term Debt	$182,400	$ 15,000
Current Installments of Long-term Debt	321	348
Accounts Payable	69,393	58,902
Accrued Liabilities	69,731	64,140
Total Current Liabilities	321,845	138,390
Long-term Debt, Less Current Installments	102,567	102,801
Deferred Income Taxes	15,396	12,900
Other Liabilities	21,356	26,573
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; 77,684,237 Shares Issued and 67,470,737 Shares Outstanding at March 26, 1997, and 77,255,783 Shares Issued and Outstanding at June 26, 1996	7,768	7,726
Additional Paid-In Capital	269,444	266,561

Unrealized Gain (Loss) on Marketable Securities	392	(620)
Retained Earnings	375,859	334,503
	653,463	608,170
Less: Treasury Stock, at cost (10,213,500 shares)	(122,767)	-
Total Shareholders' Equity	530,696	608,170
Total Liabilities and Shareholders' Equity	$991,860	$888,834

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. 26, 1997	Mar. 27, 1996	Mar. 26, 1997	Mar. 27, 1996
Revenues	$ 345,510	$ 284,206	$ 965,099	$ 863,322
Costs and Expenses:				
Cost of Sales	96,450	79,521	272,812	246,854
Restaurant Expenses	189,596	154,075	522,023	463,089
Depreciation and Amortization	20,608	15,734	57,059	48,007
General and Administrative	17,381	13,623	48,899	40,198
Interest Expense	2,289	1,356	5,494	3,015
Gain on Sales of Concepts	-	-	-	(9,262)
Restructuring Charge	-	-	-	50,000
Other, Net	(862)	(1,116)	(3,377)	(2,709)
Total Costs and Expenses	325,462	263,193	902,910	839,192
Income Before Provision for Income Taxes	20,048	21,013	62,189	24,130
Provision for Income Taxes	6,716	7,144	20,833	8,235
Net Income	$ 13,332	$ 13,869	$ 41,356	$ 15,895
Primary Net Income Per Share	$ 0.18	$ 0.18	$ 0.53	$ 0.21
Fully Diluted Net Income Per Share	$ 0.18	$ 0.18	$ 0.53	$ 0.20
Primary Weighted Average Shares Outstanding	75,704	78,389	78,163	77,421
Fully Diluted Weighted Average Shares Outstanding	75,704	78,816	78,315	77,822

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 26, 1997	March 27, 1996

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 41,356	$ 15,895
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization of Property and Equipment	46,842	40,458
Amortization of Goodwill and Other Assets	10,217	7,549
Gain on Sales of Concepts	-	(9,262)
Restructuring Charge	-	50,000
Changes in Assets and Liabilities, Excluding Effects of Acquisitions and Dispositions:		
(Increase) Decrease in Accounts Receivable	(4,995)	2,039
Increase in Inventories	(950)	(900)
Increase in Prepaid Expenses	(3,620)	(3,491)
Increase in Other Assets	(16,163)	(10,748)
Increase (Decrease) in Accounts Payable	10,491	(16,847)
Increase (Decrease) in Accrued Liabilities	4,910	(2,173)
Increase in Deferred Income Taxes	2,814	1,011
Decrease in Other Liabilities	(5,394)	(408)
Other	481	1,604
Net Cash Provided by Operating Activities	85,989	74,727
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for Property and Equipment	(153,536)	(150,127)
Payments for Purchase of Restaurants	(15,863)	-
Purchases of Marketable Securities	(38,795)	(48,772)
Proceeds from Sales of Marketable Securities	59,003	17,327
Proceeds from Sales of Concepts	-	73,115
Other	-	375
Net Cash Used in Investing Activities	(149,191)	(108,082)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of Short-term Debt	167,373	15,000
Payments of Long-term Debt	(234)	(1,494)
Proceeds from Issuances of Common Stock	2,925	2,930
Purchases of Treasury Stock	(122,767)	-
Net Cash Provided by Financing Activities	47,297	16,436
Net Decrease in Cash and Cash Equivalents	(15,905)	(16,919)
Cash and Cash Equivalents at Beginning of Period	27,073	44,911
Cash and Cash Equivalents at End of Period	$ 11,168	$ 27,992
CASH PAID DURING THE PERIOD:		
Income Taxes	$ 22,359	$ 16,423
Interest, Net of Amounts Capitalized	$ 3,035	$ 873
NON-CASH TRANSACTIONS DURING THE PERIOD:		
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 26, 1997 and June 26, 1996 and for the thirteen weeks and thirty-nine weeks ended March 26, 1997 and March 27, 1996 have been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission. The Company owns or franchises over 690 restaurants 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"), Corner Bakery ("Corner Bakery"), and Eatzi's Market & Bakery ("Eatzi's").

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 Company's June 26, 1996 Form 10-K. Company management believes that the disclosures are sufficient for interim financial reporting purposes.

Certain prior year amounts in the accompanying condensed consolidated financial statements have been reclassified to conform to the current year presentation.

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. Primary weighted average equivalent shares are determined based on the average market price exceeding the exercise price of the stock options. Fully diluted weighted average equivalent shares are determined based on the higher of the average or ending market price exceeding the exercise price of the stock options.

3.Debt

On January 23, 1997, the Board of Directors approved a plan to repurchase up to $150 million of the Company's common stock. During the quarter, the Company repurchased $122.8 million of the $150 million in accordance with applicable securities regulations. The repurchased common stock will be used by the Company to satisfy obligations under its savings plans, to meet the needs of its various stock option plans, or for other corporate purposes. The Company has financed the repurchase program through a combination of cash provided by operations, partial liquidation of its marketable securities portfolio, and drawdowns on its available credit facilities. As a result of the repurchase program and projected capital expenditures in the fourth quarter and fiscal 1998, the Company has classified its available-for-sale marketable securities portfolio as a current asset.

On March 27, 1997, the Company increased a short-term credit facility to $75 million. On April 1, 1997, the Company modified and amended its revolving line of credit. The facility was increased to $260 million in total commitments, and its maturity was extended until April, 2002. No other significant changes or modifications were made to the terms or covenants. The Company now has credit facilities totaling $375 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. 26, 1997	Mar. 27, 1996	Mar. 26, 1997	Mar. 27, 1996
Revenues	100.0%	100.0%	100.0%	100.0%
Costs and Expenses:				
Cost of Sales	27.9%	28.0%	28.3%	28.6%
Restaurant Expenses	54.9%	54.2%	54.1%	53.6%
Depreciation and				

Amortization	6.0%	5.5%	5.9%	5.6%
General and Administrative	5.0%	4.8%	5.1%	4.7%
Interest Expense	0.7%	0.5%	0.6%	0.3%
Gain on Sales of Concepts	-%	-%	-%	(1.1)%
Restructuring Charge	-%	-%	-%	5.8%
Other, Net	(0.3)%	(0.4)%	(0.4)%	(0.3)%
Total Costs and Expenses	94.2%	92.6%	93.6%	97.2%
Income Before Provision for Income Taxes	5.8%	7.4%	6.4%	2.8%
Provision for Income Taxes	1.9%	2.5%	2.2%	1.0%
Net Income	3.9%	4.9%	4.3%	1.8%

The following table details the number of 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 1997	Fiscal 1996	Fiscal 1997	Fiscal 1996	Fiscal 1997	Fiscal 1996
Chili's:						
Company-owned	6	8	25	33	389	347
Franchised	7	4	19	19	141	127
Total	13	12	44	52	530	474
Macaroni Grill:						
Company-owned	10	2	23	13	92	63
Franchised	--	--	--	1	2	2
Total	10	2	23	14	94	65
On The Border:						
Company-owned	6	2	9	6	31	20
Franchised	1	--	3	--	5	4
Total	7	2	12	6	36	24
Cozymel's	--	5	1	8	12	11
Maggiano's	1	--	2	--	5	3
Corner Bakery	2	1	5	3	13	7
Eatzi's	--	1	--	1	1	1
Concepts sold	--	--	--	12	--	1
Grand total	33	23	87	96	691	586

REVENUES

Revenues for the third quarter of fiscal 1997 increased to $345.5 million, 21.6% over the $284.2 million generated for the same quarter of fiscal 1996. Revenues for the thirty-nine weeks ended March 26, 1997 rose 11.8% to $965.1 million from the $863.3 million generated for the same period of fiscal 1996. The increase is primarily attributable to the 90 Company-operated restaurants opened or acquired since March 27, 1996. The Company increased its capacity (as measured in sales weeks) for the third quarter and year-to-date of fiscal 1997 by 19.3% and 10.3%, respectively, compared to the respective prior year periods. Average weekly sales increased 2.0% and 1.3% for the second quarter and year-to-date, respectively, from the same periods of fiscal 1996.

COSTS AND EXPENSES (as a percent of Revenues)

Cost of sales decreased for the third quarter and year-to-date of fiscal 1997 as compared to the respective periods for fiscal 1996. The decrease was due to favorable commodity prices for seafood and other food items, as well as menu price increases partially offset by unfavorable commodity prices for meat, poultry, and dairy.

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 operating level, hourly labor costs are up due to regulatory increases in the minimum wage as well as wage rate increases for non-minimum wage employees in order to meet industry competition and retain quality employees. Partially offsetting the labor increases were reduced insurance costs resulting from an aggressive safety program and claims management strategies put in place by the Company over the last two to three years.

Depreciation and amortization increased for both the third quarter and year-to-date of fiscal 1997. Depreciation and amortization increased due to fiscal 1996 acquisitions, new unit construction costs, and ongoing remodel costs.

General and administrative expenses increased in the third quarter and year-to-date of fiscal 1997 compared to the respective fiscal 1996 periods. Incremental costs are primarily attributable to additional staff and support as the Company continues the expansion of its restaurant concepts, the accrual of profit sharing, and non-recurring severance costs.

Interest expense increased in the third quarter and year-to-date of fiscal 1997 compared to the respective fiscal 1996 periods primarily due to incremental borrowings on the Company's credit facilities in the third quarter to fund the Company's stock repurchase plan.

Other, net, decreased for the third quarter and increased for the year-to-date of fiscal 1997. Other, net, was negatively impacted in the third quarter of fiscal 1997 due to a partial liquidation of the marketable securities portfolio resulting in a reduction of income earned as well as the realization of losses on marketable securities sales. The proceeds from liquidation were used to fund a portion of the Company's stock repurchase plan. Year-to-date increased primarily due to gains on sales of land in the second quarter.

INCOME TAXES

The Company's effective income tax rate was 33.5% for the third quarter and year-to-date of fiscal 1997 compared to 34.0% and 34.1% for the same periods of fiscal 1996. The fiscal 1997 effective income tax rate has decreased as a result of the Congressional enactment of the work opportunity tax credit and an increase in the Federal FICA tax credits for tipped wages.

NET INCOME AND NET INCOME PER SHARE

Operating results before restructuring related items (gain on sales of concepts and restructuring charge in fiscal 1996) are summarized as follows (in millions, except per share amounts):

	39 Weeks Ended Mar. 26, 1997	Mar. 27, 1996
Income Before Restructuring Related Items and Income Taxes	$ 62.2	$ 64.9
Income Taxes Before Restructuring Related Items	20.8	22.5
Net Income Before Restructuring Related Items	$ 41.4	$ 42.4
Net Income Per Share Before Restructuring Related Items	$ 0.53	$ 0.55

Year-to-date net income and primary net income per share before restructuring related items declined 2.4% and 3.6%, respectively, compared to fiscal 1996. The decrease in net income before restructuring related items in light of the increase in revenues was due to 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

The working capital deficit increased from $50.0 million at June 26, 1996 to $194.1 million at March 26, 1997, due primarily to the Company's capital expenditures and stock repurchase plan discussed below. Net cash provided by operating activities increased to $86.0 million for the first thirty-nine weeks of fiscal 1997 from $74.7 million during the same period in fiscal 1996 due to timing of operational receipts and payments.

Long-term debt outstanding at March 26, 1997 consisted of $100 million of unsecured senior notes and obligations under capital leases.

Capital expenditures were $153.5 million for the first thirty-nine weeks of fiscal 1997 as compared to $150.1 million in the first thirty-nine weeks of fiscal 1996. 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 the ongoing remodeling program. The Company estimates that its capital expenditures during the fourth quarter will approximate $57 million. These capital expenditures will be funded from internal operations, cash equivalents, income earned from investments, the partial liquidation of the marketable securities portfolio, build-to-suit lease agreements with landlords, and drawdowns on the Company's available lines of credit.

On January 23, 1997, the Board of Directors approved a plan to repurchase up to $150 million of the Company's common stock. During the quarter, the Company repurchased $122.8 million of the $150 million in accordance with applicable securities regulations. The repurchased common stock will be used by the Company to satisfy obligations under its savings plans, to meet the needs of its various stock option plans, or for other corporate purposes. The Company has financed the repurchase program through a combination of cash provided by operations, partial liquidation of its marketable securities portfolio, and drawdowns on its available credit facilities. The timing of the remaining repurchases will be dependent upon market conditions, share price and other factors. The Company intends to finance the remaining repurchases in a manner consistent with the repurchases to date. As a result of the repurchase program and projected capital expenditures in the fourth quarter and fiscal 1998, the Company has classified its available-for-sale marketable securities portfolio as a current asset.

The Company intends to repay a portion of the short-term debt outstanding on its credit facilities with the proceeds from a sale and leaseback of a portion of its real estate locations in the first quarter of fiscal 1998.

On March 27, 1997, the Company increased a short-term credit facility to $75 million. On April 1, 1997, the Company modified and amended its revolving line of credit. The facility was increased to $260 million in total commitments, and its maturity was extended until April, 2002. No other significant changes or modifications were made to the terms or covenants. The Company now has credit facilities totaling $375 million. At March 26, 1997, the Company had $183.0 million in available funds from credit facilities, adjusted for such amendments.

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.

NEW ACCOUNTING PRONOUNCEMENTS

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128 ("SFAS 128"), "Earnings Per Share", which is required to be adopted after December 15, 1997. At that time, the Company will be required to change the method currently used to compute earnings per share and to restate all prior periods. Under the new requirements for calculating basic earnings per share, the dilutive effect of stock options will be excluded. The impact of Statement 128 on the calculation of primary earnings per share and fully diluted earnings per share for the periods presented in the accompanying Condensed Consolidated Statements of Operations is not material.

FORWARD-LOOKING STATEMENTS

The Company wishes to caution readers that various factors could cause the actual results of the Company to differ materially from those indicated by forward-looking statements made from time to time in news releases, reports, proxy statements, registration statements and other written communications (including the preceding sections of this Management's Discussion and Analysis), as well as oral statements made from time to time by representatives of the Company. Except for historical information, matters discussed in such oral and written communications are forward-looking statements that involve risks and uncertainties, including but not limited to general business conditions, the impact of competition, the seasonality of the Company's business, taxes, inflation, and governmental regulations.

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 12, 1997

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

Date: May 12, 1997

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

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JUN-27-1996
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