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 25, 2009

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 o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer o
Non-accelerated filer o Smaller reporting company o
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No x

Indicate the number of shares outstanding of each of the registrant s classes of common stock, as of the latest practicable date.

Class	**Outstanding at April 27, 2009**
Common Stock, $0.10 par value	102,122,568

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Part II - Other Information

PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

BRINKER INTERNATIONAL, INC.

Consolidated Balance Sheets

(In thousands, except share and per share amounts)

	March 25, 2009 (Unaudited)	June 25, 2008
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 66,727	$ 54,714
Accounts receivable	43,687	52,304
Inventories	44,736	35,377
Prepaid expenses and other	104,523	106,183
Income taxes receivable	30,005	
Deferred income taxes	28,635	71,595
Assets held for sale		135,850
Total current assets	318,313	456,023
Property and Equipment at Cost:		
Land	206,389	198,554
Buildings and leasehold improvements	1,586,857	1,571,601
Furniture and equipment	641,221	665,271
Construction-in-progress	24,864	35,104
	2,459,331	2,470,530
Less accumulated depreciation and amortization	(1,017,032)	(940,815)
Net property and equipment	1,442,299	1,529,715
Other Assets:		
Goodwill	137,841	140,371
Deferred income taxes	51,036	23,160
Other	53,314	43,853
Total other assets	242,191	207,384
Total assets	$ 2,002,803	$ 2,193,122
LIABILITIES AND SHAREHOLDERS EQUITY		
Current Liabilities:		
Current installments of long-term debt	$ 1,754	$ 1,973
Accounts payable	131,606	168,619
Accrued liabilities	310,864	331,878
Income taxes payable		5,946
Liabilities associated with assets held for sale		18,408
Total current liabilities	444,224	526,824
Long-term debt, less current installments	778,546	901,604
Other liabilities	172,540	169,605

Commitments and Contingencies (Note 8)		
Shareholders Equity:		
Common stock 250,000,000 authorized shares; $0.10 par value; 176,246,649 shares issued and 101,884,284 shares outstanding at March 25, 2009, and 176,246,649 shares issued and 101,316,461 shares outstanding at June 25, 2008	17,625	17,625
Additional paid-in capital	463,640	464,666
Accumulated other comprehensive loss	(2,866)	(168)
Retained earnings	1,803,496	1,800,300
	2,281,895	2,282,423
Less treasury stock, at cost (74,362,365 shares at March 25, 2009 and 74,930,188 shares at June 25, 2008)	(1,674,402)	(1,687,334)
Total shareholders equity	607,493	595,089
Total liabilities and shareholders equity	$ 2,002,803	$ 2,193,122

See accompanying notes to consolidated financial statements.

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BRINKER INTERNATIONAL, INC.

Consolidated Statements of Income

(In thousands, except per share amounts)

(Unaudited)

	Thirteen Week Periods Ended		Thirty-nine Week Periods Ended	
	March 25, 2009	March 26, 2008	March 25, 2009	March 26, 2008
Revenues	$ 857,378	$ 1,077,183	$ 2,791,210	$ 3,161,654
Operating Costs and Expenses:				
Cost of sales	238,946	311,152	785,914	894,229
Restaurant expenses	468,238	611,901	1,598,061	1,798,346
Depreciation and amortization	39,858	39,958	121,661	123,954
General and administrative	36,664	41,663	115,516	126,110
Other gains and charges	17,862	133,235	107,964	125,483
Total operating costs and expenses	801,568	1,137,909	2,729,116	3,068,122
Operating income (loss)	55,810	(60,726)	62,094	93,532
Interest expense	7,452	10,800	27,444	36,191
Other, net	(852)	(1,368)	(2,417)	(3,470)
Income (loss) before income tax expense (benefit)	49,210	(70,158)	37,067	60,811
Income tax expense (benefit)	14,207	(31,340)	47	7,549
Net income (loss)	$ 35,003	$ (38,818)	$ 37,020	$ 53,262
Basic net income (loss) per share	$ 0.34	$ (0.38)	$ 0.36	$ 0.51
Diluted net income (loss) per share	$ 0.34	$ (0.38)	$ 0.36	$ 0.50
Basic weighted average shares outstanding	101,882	101,175	101,784	103,713
Diluted weighted average shares outstanding	102,752	102,377	102,598	105,624
Cash dividends per share	$ 0.11	$ 0.11	$ 0.33	$ 0.31

See accompanying notes to consolidated financial statements.

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BRINKER INTERNATIONAL, INC.

Consolidated Statements of Cash Flows

(In thousands)

(Unaudited)

	Thirty-nine Week Periods Ended March 25, 2009	Thirty-nine Week Periods Ended March 26, 2008
Cash Flows from Operating Activities:		
Net income	$ 37,020	$ 53,262
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	121,661	123,954
Restructure charges and other impairments	63,693	148,097
Loss (gain) on sale of assets	39,692	(29,234)
Stock-based compensation	14,254	12,443
Deferred income taxes	14,866	(29,148)
(Earnings) loss on equity investments	(771)	324
Changes in assets and liabilities, excluding effects of dispositions:		
Accounts receivable	7,036	9,438
Inventories	(10,414)	(6,083)
Prepaid expenses and other	5,124	4,307
Other assets	2,091	(156)
Accounts payable	(31,634)	35,439
Accrued liabilities	(45,887)	(2,946)
Income taxes payable	(36,127)	(29,590)
Other liabilities	3,870	6,689
Net cash provided by operating activities	184,474	296,796
Cash Flows from Investing Activities:		
Payments for property and equipment	(74,604)	(223,105)
Proceeds from sale of assets	81,151	123,511
Investment in equity method investee	(8,171)	(6,425)
Increase in restricted cash	(4,752)	
Net cash used in investing activities	(6,376)	(106,019)
Cash Flows from Financing Activities:		
Proceeds from issuance of long-term debt		399,287
Net payments on credit facilities	(129,812)	(314,786)
Payments of dividends	(34,119)	(31,768)
Purchases of treasury stock	(3,711)	(240,783)
Payments on long-term debt	(815)	(797)
Proceeds from issuances of treasury stock	2,117	2,724
Excess tax benefits from stock-based compensation	255	302
Net cash used in financing activities	(166,085)	(185,821)
Net change in cash and cash equivalents	12,013	4,956

Cash and cash equivalents at beginning of period		54,714		84,823
Cash and cash equivalents at end of period	$	66,727	$	89,779

See accompanying notes to consolidated financial statements.

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BRINKER INTERNATIONAL, INC.

Notes to Consolidated Financial Statements

(Unaudited)

1. BASIS OF PRESENTATION

References to Brinker, the Company, we, us, and our in this Form 10-Q are references to Brinker International, Inc. and its subsidiaries and a predecessor companies of Brinker International, Inc.

Our consolidated financial statements as of March 25, 2009 and June 25, 2008 and for the thirteen week and thirty-nine week periods ended March 25, 2009 and March 26, 2008 have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). We are principally engaged in the ownership, operation, development, and franchising of the Chili s Grill & Bar (Chili s), On The Border Mexican Grill & Cantina (On The Border) and Maggiano s Little Italy (Maggiano s) restaurant brands. We also hold a minority investment in Romano s Macaroni Grill (Macaroni Grill) after completion of the sale of a majority interest in the brand to Mac Acquisition LLC (Mac Acquisition), an affiliate of San Francisco-based Golden Gate Capital, in December 2008. See Note 4 for additional disclosures.

The information furnished herein reflects all adjustments (consisting only of normal recurring accruals and adjustments) which are, in our opinion, necessary to fairly state the interim 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 accounting principles generally accepted in the United States of America have been omitted pursuant to SEC rules and regulations. The notes to the consolidated financial statements (unaudited) should be read in conjunction with the notes to the consolidated financial statements contained in the June 25, 2008 Form 10-K. We believe the disclosures are sufficient for interim financial reporting purposes.

Certain prior year amounts in the accompanying consolidated financial statements have been reclassified to conform to fiscal 2009 presentation. These reclassifications have no effect on our net income or financial position as previously reported.

2. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares outstanding for the reporting period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. For the calculation of diluted earnings per share, the basic weighted average number of shares is increased by the dilutive effect of stock options and restricted share awards determined using the treasury stock method. We had approximately 8.3 million stock options and restricted share awards outstanding at March 25, 2009 that were not included in the dilutive earnings per share calculation because the effect would have been anti-dilutive. Due to the net loss in the third quarter of fiscal 2008, diluted loss per share is calculated using the basic weighted average number of shares. Using the actual diluted weighted average shares would result in anti-dilution of earnings per share. As a result, all 9.4 million of stock options and restricted share awards outstanding at March 26, 2008 were excluded from the diluted loss per share calculation.

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3. OTHER GAINS AND CHARGES

Other gains and charges consist of the following (in thousands):

	Thirteen Week Periods Ended		Thirty-nine Week Periods Ended	
	March 25, 2009	March 26, 2008	March 25, 2009	March 26, 2008
Restaurant closures and impairments	$ 11,619	$ 39,574	$ 59,745	$ 51,816
Charges related to the sale of Macaroni Grill		74,192	44,548	83,863
Development-related costs		12,515		12,515
Gains on the sale of assets, net			(3,814)	(29,234)
Severance and other benefits	5,441	7,035	5,441	7,035
Other gains and charges, net	802	(81)	2,044	(512)
	$ 17,862	$ 133,235	$ 107,964	$ 125,483

In the third quarter of fiscal 2009, we recorded $10.2 million in lease termination charges primarily related to the closure of the underperforming restaurants announced in the second quarter of fiscal 2009. During the quarter, we also made some organizational changes designed to streamline decision making and maximize our leadership talent while achieving better operational efficiencies across our brands. As a result, we incurred approximately $6.0 million in severance and other benefits and recorded income of $0.6 million related to the forfeiture of stock-based compensation awards resulting from these actions. Approximately $1.0 million in benefit payments remained to be paid as of March 25, 2009. We also incurred a $1.0 million charge related to the decrease in the estimated sales value of land associated with previously closed restaurants.

In the second quarter of fiscal 2009, we recorded a $45.7 million charge primarily related to long-lived asset impairments of $44.2 million resulting from the decision to close or decline lease renewals for 35 underperforming restaurants. The decision to close the restaurants and decline lease renewals was based on a comprehensive analysis that examined restaurants not performing at required levels of return. In December 2008, we completed the sale of a majority interest in Macaroni Grill to Mac Acquisition and recorded a loss on the sale of $43.3 million. See Note 4 for additional disclosures. We also recorded gains of $3.8 million related to the sale of nine restaurants to a franchisee and other land sales.

In the first quarter of fiscal 2009, we recorded $2.0 million in lease termination charges, a $1.7 million charge related to uninsured hurricane damage and a $1.3 million charge for expenses associated with the sale of Macaroni Grill.

In the third quarter of fiscal 2008, we recorded a $73.1 million impairment charge to write-down the net assets of Macaroni Grill to their estimated fair value less costs to sell as well as a $1.1 million charge for expenses associated with the sale. See Note 4 for additional disclosures. Additionally, we recorded a $31.9 million charge related to long-lived asset impairments and $7.7 million in lease termination charges due to the decision to close or decline lease renewals for 46 underperforming restaurants based on the restaurants not performing at required levels of return. During the third quarter of fiscal 2008, we also made the decision to reduce future domestic company-owned restaurant development as well as discontinue certain projects that did not align with our strategic goals. As a result, we incurred $12.5 million in charges related to asset write-offs for sites under development and other discontinued projects. In addition, we incurred costs of approximately $7.9 million in severance and other benefits and recorded income of $0.9 million related to the forfeiture of stock-based compensation awards resulting from these actions.

During the second quarter of fiscal 2008, we recorded a $29.2 million gain on the sale of 76 company-owned Chili s restaurants to ERJ Dining IV LLC. The sale was completed in November 2007. We also recorded $11.4 million in charges primarily

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related to long-lived asset impairments. The charges include a $5.5 million impairment related to two restaurants which were impaired based on an analysis of projected operating performance and operating cash flows as well as a $4.0 million asset impairment charge associated with restaurant closures. Also included is a $1.0 million charge related to the decrease in estimated sales value of land associated with previously closed restaurants. Additionally, we recorded a $1.9 million charge for expenses associated with the sale of Macaroni Grill during the second quarter of fiscal 2008.

Additionally, in the first quarter of fiscal 2008, we incurred a $9.2 million impairment charge to write-down the net assets of certain Macaroni Grill restaurants to their fair value less costs to sell to a franchisee.

4. SALE OF MACARONI GRILL

In August 2008, we entered into an agreement with Mac Acquisition for the sale of a majority interest in Macaroni Grill. The assets and liabilities associated with these restaurants were classified as held for sale in the consolidated balance sheet for the fiscal year ended June 25, 2008. The sale was completed on December 18, 2008. We received cash proceeds of approximately $88.0 million and recorded a loss of $43.3 million in other gains and charges in the consolidated statements of income in the second quarter of fiscal 2009. The net assets sold totaled approximately $110 million and consisted primarily of property and equipment of $105 million. Assets previously held for sale of $21.3 million were retained by us and are included in property, plant and equipment as of March 25, 2009. The land and buildings related to these locations were leased to Mac Acquisition as part of the sale agreement.

On December 18, 2008, we contributed $6.0 million to Mac Acquisition for an 18.2% ownership interest in the new entity. We account for the investment under the equity method of accounting and record our share of the net income or loss from the investee within operating income since the operations of Macaroni Grill are similar to our ongoing operations. This amount is included in restaurant expense in our consolidated statements of income due to the immaterial nature. In accordance with the reporting provisions of SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS 144), we have classified the results of Macaroni Grill in continuing operations for fiscal 2009 and prior years as we will have involvement in the ongoing operations of Macaroni Grill. Subsequent to the end of the third quarter, we received a $6.0 million distribution from Mac Acquisition that represented substantially all of our equity investment.

As part of the sale, we entered into an agreement with Mac Acquisition whereby we have provided a three-year $10.0 million unsecured standby letter of credit. No amount was outstanding as of March 25, 2009 and subsequent to the end of the third quarter, the letter of credit was cancelled. We also provide corporate support services for the new entity for one year following closing with an option for one additional year.

In the third quarter of fiscal 2008, we anticipated declines in the expected performance of the brand due to lower revenues and increased commodity and labor costs. As a result, in accordance with SFAS 144, we recorded an impairment charge of $73.1 million to write-down the net assets of Macaroni Grill to their estimated fair value less costs to sell at March 26, 2008. Our estimate of fair value was based on the best available information including values obtained in recent sales of company-owned restaurants to franchisees and forecasted operating performance of Macaroni Grill.

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5. LONG-TERM DEBT

Long-term debt consists of the following (in thousands):

	March 25, 2009	June 25, 2008
Term loan	$ 400,000	$ 400,000
Revolving credit facility	30,700	
Uncommitted credit facilities		158,000
5.75% notes	299,188	299,070
Capital lease obligations	50,412	46,507
	780,300	903,577
Less current installments	(1,754)	(1,973)
	$ 778,546	$ 901,604

As of June 25, 2008, we had credit facilities aggregating $550 million, consisting of a revolving credit facility of $300 million and uncommitted credit facilities of $250 million. In February 2009, we completed the renewal of our revolving credit facility which was set to expire in October 2009. The new facility was reduced to $215 million, bears interest at LIBOR plus 3.25% and expires in February 2012. The decision to downsize our total borrowing capacity under the new revolving credit facility was a result of the Macaroni Grill divestiture, reduced new company-owned restaurant development and our focus on debt repayment.

During the second quarter of fiscal 2009, Standard and Poor s (S&P) reaffirmed our debt rating of BBB- (investment grade) with a stable outlook. However, Moody s downgraded our corporate family rating to Ba1 (non-investment grade) and our senior unsecured note rating to Ba2 (non-investment grade) with a stable outlook. Under the terms and conditions of our uncommitted credit facility agreements, we had to maintain an investment grade rating with both S&P and Moody s in order to utilize the credit facilities. As a result of our split rating, our uncommitted credit facilities totaling $250 million are no longer available and the spread over LIBOR has increased since year-end on our term loan (LIBOR plus 0.95%). We manage total borrowings under all of our credit facilities to never exceed total capacity under the revolving credit facility. As a result, outstanding balances on the uncommitted credit facilities were repaid in the second quarter with funds drawn on the revolving credit facility. As of March 25, 2009, we have $184.3 million available to us under our revolving credit facility.

6. SHAREHOLDERS EQUITY

The Board of Directors has authorized a total of $2,060.0 million of share repurchases. As of March 25, 2009, approximately $60 million was available under our share repurchase authorizations. We did not repurchase any common shares under our share repurchase plan during the first three quarters of fiscal 2009. Our stock repurchase plan has been and will be used to return capital to shareholders and to minimize the dilutive impact of stock options and other share-based awards. We have currently placed a moratorium on share repurchases but, in the future, we may consider additional share repurchases under our plan based on several factors, including our cash position, share price, operational liquidity, and planned investment and financing needs. During the first three quarters of fiscal 2009, approximately 671,000 restricted share awards vested with a fair value of $12.6 million. Approximately 199,000 of these shares were repurchased from employees upon vesting for $3.7 million to satisfy minimum tax withholding obligations. Repurchased common stock is reflected as a reduction of shareholders equity. We paid dividends of $11.2 million, or $0.11 per share, to common stock shareholders in March 2009 and a total of $34.1 million, or $0.33 per share, to common stock shareholders year-to-date.

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7. SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for income taxes and interest for the first three quarters of fiscal 2009 and 2008 are as follows (in thousands):

	March 25, 2009	March 26, 2008
Income taxes, net of refunds	$ 19,759	$ 62,760
Interest, net of amounts capitalized	25,925	34,835

Non-cash investing activities for the first three quarters of fiscal 2009 and 2008 are as follows (in thousands):

	March 25, 2009	March 26, 2008
Retirement of fully depreciated assets	$ 46,305	$ 23,889

8. CONTINGENCIES

As of March 25, 2009, we remain secondarily liable for lease payments totaling $199.5 million as a result of the sale of a majority interest in Macaroni Grill, the sale of other brands, and the sale of restaurants to franchisees in previous periods. This amount represents the maximum potential liability of future payments under the guarantees. These leases have been assigned to the buyers and expire at the end of the respective lease terms, which range from fiscal 2009 through fiscal 2023. We remain secondarily liable for the leases. In the event of default, the indemnity and default clauses in our assignment agreements govern our ability to pursue and recover damages incurred. No material liabilities have been recorded as of March 25, 2009.

Certain current and former hourly restaurant employees filed a lawsuit against us in California Superior Court alleging violations of California labor laws with respect to meal and rest breaks. The lawsuit seeks penalties and attorney s fees and was certified as a class action in July 2006. On July 22, 2008, the California Court of Appeal decertified the class action on all claims with prejudice. On October 22, 2008, the California Supreme Court granted a writ to review the decision of the Court of Appeal. We intend to vigorously defend our position. It is not possible at this time to reasonably estimate the possible loss or range of loss, if any.

We are engaged in various other legal proceedings and have certain unresolved claims pending. The ultimate liability, if any, for the aggregate amounts claimed cannot be determined at this time. However, management, based upon consultation with legal counsel, is of the opinion that there are no matters pending or threatened which are expected to have a material adverse effect, individually or in the aggregate, on our consolidated financial condition or results of operations.

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Item 2. 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 consolidated statements of income.

	Thirteen Week Periods Ended		Thirty-nine Week Periods Ended	
	March 25, 2009	**March 26, 2008**	**March 25, 2009**	**March 26, 2008**
Revenues	100.0%	100.0%	100.0%	100.0%
Operating Costs and Expenses:				
Cost of sales	27.9%	28.9%	28.2%	28.3%
Restaurant expenses	54.6%	56.8%	57.2%	56.9%
Depreciation and amortization	4.6%	3.7%	4.4%	3.9%
General and administrative	4.3%	3.8%	4.1%	4.0%
Other gains and charges	2.1%	12.4%	3.9%	3.9%
Total operating costs and expenses	93.5%	105.6%	97.8%	97.0%
Operating income (loss)	6.5%	(5.6)%	2.2%	3.0%
Interest expense	0.9%	1.0%	1.0%	1.1%
Other, net	(0.1)%	(0.1)%	(0.1)%	0.0%
Income (loss) before income tax expense (benefit)	5.7%	(6.5)%	1.3%	1.9%
Income tax expense (benefit)	1.6%	(2.9)%	0.0%	0.2%
Net income (loss)	4.1%	(3.6)%	1.3%	1.7%

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The following table details the number of restaurant openings during the third quarter, year-to-date, total restaurants open at the end of the third quarter, and total projected openings in fiscal 2009 (excluding Macaroni Grill).

	Third Quarter Openings		Year-to-Date Openings		Total Open at End Of Third Quarter		Projected Openings
	Fiscal 2009	Fiscal 2008	Fiscal 2009	Fiscal 2008	Fiscal 2009	Fiscal 2008	Fiscal 2009
Chili s:							
Company-owned	1	23	8	51	859	881	8-9
Domestic Franchised	3	7	23	23	430	401	25-28
Total	4	30	31	74	1,289	1,282	33-37
On The Border:							
Company-owned				5	122	133	
Domestic Franchised			5	3	28	29	5-7
Total			5	8	150	162	5-7
Maggiano s	1	1	2	1	44	42	2
International:(a)							
Company-owned			2	1	7	5	2
Franchised	8	3	31	22	189	153	46-49
Total	8	3	33	23	196	158	48-51
Grand Total (b)	13	34	71	106	1,679	1,644	88-97

(a) At the end of the third quarter of fiscal year 2009, international company-owned restaurants by brand included six Chili s and one Maggiano s. International franchise restaurants by brand included 183 Chili s and six On The Border s.

(b) As of March 25, 2009, we continue to own two Macaroni Grill restaurants which have been excluded from the total restaurants. Per terms of the sale to Mac Acquisition, we have a limited period of time to close the restaurants or change to an existing Brinker brand.

At March 25, 2009, we owned the land and buildings for 224 of the 1,032 company-owned restaurants. The net book values of the land and buildings associated with these restaurants totaled $179.9 million and $183.8 million, respectively.

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GENERAL

The following Management s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to help the reader understand Brinker International, our operations, and our current operating environment. For an understanding of the significant factors that influenced our performance during the quarters ended March 25, 2009 and March 26, 2008, the MD&A should be read in conjunction with the consolidated financial statements and related notes included in this quarterly report.

OVERVIEW

We are principally engaged in the ownership, operation, development, and franchising of the Chili s Grill & Bar (Chili s), On The Border Mexican Grill & Cantina (On The Border) and Maggiano s Little Italy (Maggiano s) restaurant brands. At March 25, 2009, we owned, operated, or franchised 1,679 restaurants. We also hold a minority investment in Romano s Macaroni Grill (Macaroni Grill) after completion of the sale of a majority interest in the brand to Mac Acquisition LLC (Mac Acquisition), an affiliate of San Francisco-based Golden Gate Capital, in December 2008.

Our results for the third quarter of fiscal 2009 reflect our commitment to strengthening our business model and improving profitability despite the significant challenges we currently face. We continued to experience many of the same external factors that negatively impacted our results in the first six months of fiscal 2009; however, we have taken steps to neutralize their impact. We are focused on initiatives that will allow our business to operate as efficiently as possible and will allow us to maintain our position as an industry leader. We believe financial market volatility, unemployment and the housing crisis will continue to put pressure on consumer spending. Our negative traffic trends indicate that our guests are limiting discretionary spending by reducing the frequency of their visits to our restaurants or scaling back on check totals. We also experienced a decline in gift card sales of approximately 15% during the holiday season compared to the prior year which negatively impacted third quarter revenue. We will continually evaluate how we manage the business and make necessary changes in response to the economic factors affecting the restaurant industry.

Our goal is to emerge from this recession in a position of strength with a strong balance sheet and improved operating profit. We are exhibiting discipline in our capital allocation and are taking steps to create sustainable margin improvements through cost controls and operational efficiencies. These steps will help maintain the health of our balance sheet and will provide the stable financial base needed to maintain our business through a depressed operating environment. We are driving profit improvements through a disciplined approach to operations, company-owned new restaurant development and the closure of underperforming restaurants. Effective management of food costs and a focus on labor productivity and reducing fixed costs helped us realize sustainable margin improvements in the third quarter. Our emphasis on the operations of our existing restaurants has resulted in lower turnover which has positively impacted labor cost and efficiency while providing improved pace at our restaurants. Additionally, generating strong cash flows has long been a hallmark of Brinker and we have taken steps to shore up our cash flows to provide the necessary flexibility to address current challenges and help drive the business forward. We have completed the closure of 42 underperforming restaurants in fiscal 2009 and have reduced our planned fiscal 2009 capital expenditures by $30 million. Virtually all company-owned new restaurant development in fiscal 2010 has been curtailed. Enhanced free cash flows resulting from our financial discipline and Macaroni Grill proceeds have allowed us to reduce our debt levels and will provide flexibility for further debt reductions.

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We are committed to our long term strategies and initiatives centered on our five areas of focus - hospitality; food and beverage excellence; restaurant atmosphere; pace and convenience; and international expansion. These strategic priorities are designed to strengthen Brinker brands and build on the long-term health of the company by engaging and delighting our guests, differentiating our brands from the competition, reducing the costs associated with managing our restaurants and establishing a strong presence in key markets around the world. However, we will monitor the results closely as well as the current business environment in order to pace the implementation of our initiatives appropriately.

We strongly believe investments in these five strategic priorities will strengthen our brands and allow us to emerge from these tough economic times in a better competitive position to deliver profitable growth over the long term for our shareholders. For example, with growing economic pressures in the United States, international expansion allows further diversification of our portfolio, enabling Brinker to build strength in a variety of markets and economic conditions. Our growth will be driven by cultivating relationships with equity investors, joint venture partners and franchisees. Our growing percentage of franchise operations both domestically and internationally enable us to improve margins as royalty payments flow through to the bottom line. Another top area of focus remains creating a culture of hospitality that will differentiate Brinker brands from all others in the industry. Through our investments in team member training and guest measurement programs, we are gaining significant traction in this area and providing guests a reason to make Brinker brands their preferred choice when dining out. We also believe that the unique and craveable food and beverages as well as the new flavors and offerings we continue to create at each of our brands, the warm, welcoming and revitalized atmospheres, and technologies and process improvements related to pace and convenience will give customers new reasons to dine with us more often.

The casual dining industry is a highly competitive business which is sensitive to changes in economic conditions, trends in lifestyles and fluctuating costs. Our top priority remains increasing profitable traffic over time. We believe that this focus, combined with discipline around the use of capital and efficient management of operating expenses, will enable Brinker to maintain its position as an industry leader through the current economic recession. We remain confident in the financial health of our company, the long-term prospects of the industry as well as in our ability to perform effectively in an extremely competitive marketplace and a variety of economic environments.

REVENUES

Revenues for the third quarter of fiscal 2009 decreased to $857.4 million, a 20.4% decrease from the $1,077.2 million generated for the same quarter of fiscal 2008. Revenues for the thirty-nine week period ended March 25, 2009 were $2,791.2 million, an 11.7% decrease from the $3,161.7 million generated for the same period in fiscal 2008. The decrease in revenue was primarily attributable to a decrease in comparable restaurant sales across all brands as well as net declines in capacity at company-owned restaurants primarily due to restaurant closures and the sale of restaurants since the third quarter of fiscal 2008.

	Thirteen Week Period Ended March 25, 2009			
	Comparable Sales	**Price Increase**	**Mix Shift**	**Capacity**
Brinker International	(5.6)%	3.5%	0.6%	(17.7)%
Chili s	(5.2)%	3.7%	0.7%	(0.2)%
On The Border	(5.0)%	3.3%	2.2%	(8.2)%
Maggiano s	(9.5)%	1.7%	(2.0)%	3.9%

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	Thirteen Week Period Ended March 26, 2008			
	Comparable Sales	Price Increase	Mix Shift	Capacity
Brinker International	0.1%	2.9%	0.5%	(6.1)%
Chili s	1.6%	3.2%	0.9%	(8.7)%
On The Border	(1.8)%	2.8%	(1.0)%	4.8%
Maggiano s	(0.4)%	2.9%	(2.0)%	5.0%
Macaroni Grill	(4.4)%	2.3%	1.2%	(2.8)%

	Thirty-nine Week Period Ended March 25, 2009			
	Comparable Sales	Price Increase	Mix Shift	Capacity
Brinker International	(5.0)%	3.3%	(0.7)%	(8.3)%
Chili s	(4.2)%	3.4%	(0.5)%	(1.2)%
On The Border	(3.9)%	3.6%	(0.3)%	(3.7)%
Maggiano s	(6.7)%	1.8%	(2.2)%	3.3%
Macaroni Grill (1)	(9.8)%	2.8%	(1.1)%	(14.6)%

	Thirty-nine Week Period Ended March 26, 2008			
	Comparable Sales	Price Increase	Mix Shift	Capacity
Brinker International	(1.1)%	2.5%	0.7%	(2.5)%
Chili s	(0.1)%	2.6%	1.2%	(4.0)%
On The Border	(3.8)%	2.1%	(0.6)%	6.4%
Maggiano s	0.7%	2.7%	(2.2)%	7.1%
Macaroni Grill	(4.3)%	2.2%	1.3%	(2.9)%

(1) Macaroni Grill comparable restaurant sales and capacity for the thirty-nine week period ended March 25, 2009 includes the impact in the first and second quarters only as the sale of Macaroni Grill was completed in December 2008.

Comparable restaurant sales for the third quarter of fiscal 2009 decreased 5.6% compared to the same quarter of the prior year. The decrease in comparable restaurant sales resulted from a decline in customer traffic at all brands and unfavorable product mix shifts at Maggiano s, partially offset by an increase in menu prices at all brands and favorable product mix shifts at Chili s and On The Border.

Our capacity decreased 17.7% for the third quarter of fiscal 2009 (as measured by average-weighted sales weeks) compared to the same quarter of the prior year. The reduction in capacity is primarily due to the sale of 198 restaurants (189 of which were Macaroni Grills) and 47 restaurant closures (three of which were Macaroni Grills) since the third quarter of fiscal 2008, partially offset by the development

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of new company-owned restaurants. Including the impact of Macaroni Grill and restaurant sales to franchisees, we experienced a net decrease of 221 company-owned restaurants since March 26, 2008.

Royalty revenues from franchisees decreased approximately 1.7% to $16.1 million in the third quarter of fiscal 2009 compared to $16.4 million in the prior year primarily due to the sale of Macaroni Grill. For the year-to-date period, royalty revenues from franchisees increased 11.6% to $48.5 million compared to $43.5 million in fiscal 2008. The increase is primarily due to the net addition of 64 franchise restaurants for Chili s and On The Border since March 26, 2008, partially offset by the sale of Macaroni Grill. Franchise and development fee revenue decreased to $0.4 million for the third quarter of fiscal 2009 as compared to $1.0 million in the prior year. For the year-to-date period, franchise and development fee revenue decreased to $2.1 million compared to $8.9 million in fiscal 2008 primarily due to the sale of 76 restaurants to a franchisee in the prior year.

COSTS AND EXPENSES

Cost of sales, as a percent of revenues, decreased to 27.9% for the third quarter of fiscal 2009 from 28.9% in the prior year. Cost of sales was positively impacted in the current quarter by decreased commodity usage from reduced waste and menu item changes, favorable menu price increases and favorable product mix, partially offset by unfavorable commodity price changes primarily in beef, poultry, cooking oil and sauces. Cost of sales, as percent of revenues, decreased to 28.2% for the year-to-date period from 28.3% in the prior year. Cost of sales was favorably impacted by menu price increases and favorable product mix shifts, partially offset by unfavorable commodity prices primarily in beef, poultry, produce and cooking oils.

Restaurant expenses, as a percent of revenues, decreased to 54.6% for the third quarter of fiscal 2009 as compared to 56.8% in the same period of the prior year. The decrease was primarily driven by lower labor costs due to efficiency improvements and reduced pre-opening expenses due to fewer restaurant openings. Restaurant expenses, as a percent of revenues, increased to 57.2% for the year-to-date period from 56.9% in the prior year. The increase was primarily driven by sales deleverage on fixed costs as well as an increase in utility rates, partially offset by lower pre-opening expenses due to fewer restaurant openings.

Depreciation and amortization remained essentially flat on a dollar basis for the third quarter as compared to the same period of the prior year. Depreciation and amortization decreased $2.3 million for the year-to-date period of fiscal 2009 compared to the same period of the prior year primarily driven by restaurant closures and fully depreciated assets, partially offset by an increase in depreciation due to the addition of new restaurants and remodel investments.

General and administrative expenses decreased $5.0 million, or 12.0%, for the third quarter of fiscal 2009 as compared to the same period of fiscal 2008. General and administrative expenses decreased $10.6 million, or 8.4%, for the year-to-date period of fiscal 2009 as compared to the same period of fiscal 2008. The decreases are primarily due to reduced salary expense from lower headcount driven by overall cost management and the sale of Macaroni Grill as well as income related to transitional services provided to Macaroni Grill that offset the internal cost of providing the services.

In the third quarter of fiscal 2009, we recorded a $10.2 million lease termination charge primarily related to the closure of underperforming restaurants announced in the second quarter of fiscal 2009. We also made some organizational changes designed to streamline decision-making across our brands and as a result, recorded a $5.4 million net charge for severance and other costs. In the second quarter of fiscal 2009, we recorded a $45.7 million charge primarily related to long-lived asset impairments of $44.2 million resulting from the decision to close or decline lease renewals for 35 underperforming restaurants. In December 2008, we completed the sale

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of a majority interest in Macaroni Grill to Mac Acquisition and recorded a loss on the sale of $43.3 million. We also recorded gains of $3.8 million related to the sale of nine restaurants to a franchisee and other land sales. In the first quarter of fiscal 2009, we recorded $2.0 million in lease termination charges, a $1.7 million charge related to uninsured hurricane damage and a $1.3 million charge for expenses associated with the sale of Macaroni Grill.

In the third quarter of fiscal 2008, we recorded a $73.1 million impairment charge to write-down the net assets of Macaroni Grill to their estimated fair value less costs to sell. Additionally, we recorded charges of $39.6 million due to the decision to close or decline lease renewals for 46 underperforming restaurants based on the restaurants not performing at required levels of return. We also incurred charges of $12.5 million primarily related to the decision to reduce future domestic company-owned restaurant development as well as discontinue certain projects. In addition, we incurred a $7.0 million net charge for severance and other benefits resulting from these actions. Other gains and charges in the second quarter of fiscal 2008 include a $29.2 million gain related to the sale of 76 Chili s restaurants to a franchisee, partially offset by an $11.4 million charge related to restaurant closures and long-lived asset impairments as well as a $1.9 million charge for expenses associated with the sale of Macaroni Grill. In the first quarter of fiscal 2008, we incurred a $9.2 million impairment charge to write-down the net assets of certain Macaroni Grill restaurants to their fair value less costs to sell to a franchisee.

Interest expense was $7.5 million for the third quarter of fiscal 2009 and $27.4 million for the year-to-date period of fiscal 2009 compared to $10.8 million for the third quarter and $36.2 million for the year-to-date period of the prior year. The decrease in interest expense is primarily due to lower average borrowing balances on our credit facilities and lower LIBOR interest rates on our debt carrying variable interest rates.

INCOME TAXES

The effective income tax rate increased to an expense of 28.9% for the third quarter of fiscal 2009 compared to a benefit of 44.7% for the same quarter of last year. The change in the tax rate is primarily due to the tax effects of the impairment of Macaroni Grill long-lived assets in the prior year. For the year-to-date period, the effective income tax rate decreased to 0.1% from 12.4% for the same period of last year. The change in the tax rate is primarily due to the loss on the sale of Macaroni Grill and charges for long-lived asset impairments as well as lower earnings compared to the same period last year.

LIQUIDITY AND CAPITAL RESOURCES

Our primary source of liquidity is cash flows generated from our restaurant operations. Net cash provided by operating activities for the first three quarters of fiscal 2009 decreased to approximately $184.5 million compared to $296.8 million for the first three quarters in the prior year primarily due to a decline in operating profitability as well as the timing of operational payments which was primarily due to the sale of Macaroni Grill, restaurant closures and the reduction of company-owned new restaurant development in the current year. This decrease was partially offset by the cash impact of recognizing the loss on the sale of Macaroni Grill in fiscal 2009 for tax purposes.

Capital expenditures consist of ongoing remodel investments, new restaurants under construction, purchases of new and replacement restaurant furniture and equipment, investments in information technology infrastructure, and purchases of land for future restaurant sites. Capital expenditures were $74.6 million for the first three quarters of fiscal 2009 compared to $223.1 million for the same period of fiscal 2008. The reduction in capital expenditures is primarily due to a decrease in

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company-owned restaurants developed in the first three quarters of fiscal 2009 compared to the same period of prior year. We estimate that our capital expenditures during fiscal 2009, excluding Macaroni Grill, will be in the range of $110 million to $115 million and will be funded entirely by cash from operations.

Excluding the impact of assets held for sale, the working capital deficit decreased to $125.9 million at March 25, 2009 from $188.2 million at June 25, 2008 primarily due to a decrease in operational payments related to the sale of Macaroni Grill, a decrease in deferred tax assets resulting from the tax effects of the loss on the sale of Macaroni Grill in the second quarter, reduced income taxes payable and the retention of cash to fund operational needs.

We paid dividends of $11.2 million, or $0.11 per share, to common stock shareholders in March 2009 and a total of $34.1 million, or $0.33 per share, to common stock shareholders year-to-date. We currently plan to keep future quarterly dividend payouts stable at $0.11 per share.

The Board of Directors has authorized a total of $2,060.0 million in share repurchases, which has been and will be used to return capital to shareholders and to minimize the dilutive impact of stock options and other share-based awards. As of March 25, 2009, approximately $60 million was available under our share repurchase authorizations. We did not repurchase any common shares under our share repurchase plan during the first three quarters of fiscal 2009. We have currently placed a moratorium on share repurchases but, in the future, we may consider additional share repurchases under our plan based on several factors, including our cash position, share price, operational liquidity, and planned investment and financing needs. During the first three quarters of fiscal 2009, approximately 671,000 restricted share awards vested with a fair value of $12.6 million. Approximately 199,000 of these shares were repurchased from employees upon vesting for $3.7 million to satisfy minimum tax withholding obligations. The repurchased common stock is reflected as a reduction of shareholders equity.

As of June 25, 2008, we had credit facilities aggregating $550 million, consisting of a revolving credit facility of $300 million and uncommitted credit facilities of $250 million. In February 2009, we completed the renewal of our revolving credit facility which was set to expire in October 2009. The new facility was reduced to $215 million, bears interest at LIBOR plus 3.25% and expires in February 2012. The decision to downsize our total borrowing capacity under the new revolving credit facility was a result of the Macaroni Grill divestiture, reduced new company-owned restaurant development and our focus on debt repayment.

During the second quarter of fiscal 2009, Standard and Poor s (S&P) reaffirmed our debt rating of BBB- (investment grade) with a stable outlook. However, Moody s downgraded our corporate family rating to Ba1 (non-investment grade) and our senior unsecured note rating to Ba2 (non-investment grade) with a stable outlook. Under the terms and conditions of our uncommitted credit facility agreements, we had to maintain an investment grade rating with both S&P and Moody s in order to utilize the credit facilities. As a result of our split rating, our uncommitted credit facilities totaling $250 million are no longer available and the spread over LIBOR has increased since year-end on our term loan (LIBOR plus 0.95%). We manage total borrowings under all of our credit facilities to never exceed total capacity under the revolving credit facility. As a result, outstanding balances on the uncommitted credit facilities were repaid in the second quarter with funds drawn on the revolving credit facility. As of March 25, 2009, we have $184.3 million available to us under our revolving credit facility and we are in compliance with all financial debt covenants.

Our balance sheet is a primary focus as we have committed to reducing our leverage allowing us to retain the investment grade rating from S&P and ultimately regain our investment grade rating from Moody s. To accomplish this goal, payments of $59.3 million were made on the revolving credit facility during the third quarter of fiscal 2009 resulting in fiscal year-to-date debt reductions of $123.3 million. Subsequent

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to the end of the third quarter, the remaining $30.7 million balance on the revolving credit facility was paid down to zero. Additionally, subsequent to the end of the third quarter, we received a $6.0 million distribution from Mac Acquisition that represented substantially all of our equity investment in the entity and cancelled the three-year $10.0 million unsecured standby letter of credit agreement. We currently plan to continue utilizing available free cash flow to pay down debt in fiscal 2009 and 2010. We have also reduced capital expenditures for fiscal 2009, curtailed virtually all company-owned new restaurant development in fiscal 2010 and placed a moratorium on all share repurchase activity to ensure we maintain adequate cash flow to meet our current obligations and continue to pay down debt.

We believe that our various sources of capital, including cash flow from operating activities and availability under our existing credit facility are adequate to finance operations as well as the repayment of current debt obligations. We are not aware of any other event or trend that would potentially affect our liquidity. In the event such a trend develops, we believe that there are sufficient funds available under our credit facility and from our internal cash generating capabilities to adequately manage our ongoing business.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, Fair Value Measurements, (SFAS 157). SFAS 157 clarifies the definition of fair value, describes methods used to appropriately measure fair value, and expands fair value disclosure requirements, but does not change existing guidance as to whether or not an instrument is carried at fair value. For financial assets and liabilities, SFAS 157 is effective for fiscal years beginning after November 15, 2007, which required that we adopt these provisions in first quarter fiscal 2009. The adoption of SFAS 157 did not have an impact on our consolidated financial statements. For nonfinancial assets and liabilities, SFAS 157 is effective for fiscal years beginning after November 15, 2008, which will require us to adopt these provisions in fiscal 2010. We are currently evaluating the impact, if any, that an adoption of the deferred provisions of this statement will have on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141R, Business Combinations, (SFAS 141R). Under SFAS 141R, all business combinations will be accounted for by applying the acquisition method. SFAS 141R requires most identifiable assets, liabilities, noncontrolling interests, and goodwill acquired in a business combination to be recorded at full fair value. SFAS 141R is effective for annual reporting periods beginning on or after December 15, 2008 and will be effective for us beginning in the first quarter of fiscal 2010 for business combinations occurring on or after the effective date.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51, (SFAS 160). SFAS 160 will require noncontrolling interests (previously referred to as minority interests) to be treated as a separate component of equity, not as a liability or other item outside of permanent equity. The Statement applies to the accounting for noncontrolling interests and transactions with noncontrolling interest holders in consolidated financial statements. SFAS 160 is effective for periods beginning on or after December 15, 2008, which required that we adopt these provisions beginning in the third quarter of fiscal 2009. The adoption of SFAS 160 did not have a material impact on our financial statements.

In June 2008, the FASB issued FASB Staff Position (FSP) EITF 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities. FSP EITF 03-6-1 provides that unvested share-based payment awards that contain nonforfeitable rights to dividends that are paid or unpaid are participating securities and shall be included in the computation of earnings per share based on the two-class method. The two-class method is an earnings allocation method for

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computing earnings per share when an entity s capital structure includes either two or more classes of common stock or common stock and participating securities. FSP EITF 03-6-1 is effective for fiscal years beginning after December 15, 2008, which will require us to adopt these provisions in fiscal 2010. We do not expect that FSP EITF 03-6-1 will have a material impact on our financial statements.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our quantitative and qualitative market risks since the prior reporting period.

Item 4. CONTROLS AND PROCEDURES

Based on their evaluation of our disclosure controls and procedures (as defined in Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934 [the Exchange Act]), as of the end of the period covered by this report, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are effective.

There were no changes in our internal control over financial reporting during our third quarter ended March 25, 2009, that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

FORWARD-LOOKING STATEMENTS

We wish to caution you that our business and operations are subject to a number of risks and uncertainties. We have identified certain factors in Part I, Item IA Risk Factors in our Annual Report on Form 10-K for the year ended June 25, 2008 and below in Part II, Item 1A Risk Factors in this report on Form 10-Q, that could cause actual results to differ materially from our historical results and from those projected in forward-looking statements contained in this report, in our other filings with the SEC, in our news releases, written or electronic communications, and verbal statements by our representatives. We further caution that it is not possible to see all such factors, and you should not consider the identified factors as a complete list of all risks and uncertainties.

You should be aware that forward-looking statements involve risks and uncertainties. These risks and uncertainties may cause our or our industry s actual results, performance or achievements to be materially different from any future results, performances or achievements contained in or implied by these forward-looking statements. Forward-looking statements are generally accompanied by words like believes, anticipates, estimates, predicts, expects, and other similar expressions that convey uncertainty about future events or outcomes.

The risks related to our business include:

- The effect of competition on our operations and financial results.

- The general decrease in sales volumes during winter months.

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- The effect of potential changes in governmental regulation on our ability to open new restaurants and to maintain our existing and future operations.

- The risk inflation may increase our operating expenses.

- Increases in energy costs and the impact on our profitability.

- Increased costs or reduced revenues from shortages or interruptions in the availability and delivery of food and other supplies.

- Our ability to consummate successful mergers, acquisitions, divestitures and other strategic transactions that are important to our future growth and profitability.

- If we are unable to meet our growth plan, our profitability in the future may be adversely affected.

- Disruptions in the financial markets may adversely impact the availability and cost of credit and consumer spending patterns.

- Unfavorable publicity relating to one or more of our restaurants in a particular brand may taint public perception of the brand.

- Identification of material weakness in internal control may adversely affect our financial results.

- Other risk factors may adversely affect our financial performance, including, pricing, consumer spending and consumer confidence, changes in economic conditions and financial and credit markets, credit availability, increased costs of food commodities, increased fuel costs and availability for our team members, customers and suppliers, health epidemics or pandemics or the prospects of these events, consumer perceptions of food safety, changes in consumer tastes and behaviors, governmental monetary policies, changes in demographic trends, availability of employees, terrorist acts, energy shortages and rolling blackouts, and weather and other acts of God.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Information regarding legal proceedings is incorporated by reference from Note 8 to our consolidated financial statements set forth in Part I of this report.

Item 1A. RISK FACTORS

There has been no material change in the risk factors set forth in Part I, Item 1A, Risk Factors in our Annual Report on Form 10-K for the year ended June 25, 2008, except the addition of the following risk factors to read in their entirety as follows:

Disruptions in the financial markets may adversely impact the availability and cost of credit and consumer spending patterns.

The subprime mortgage crisis, subsequent disruptions to the financial markets, and continuing economic downturn may adversely impact the availability of credit already

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arranged and the availability and cost of credit in the future. The disruptions in the financial markets may also have an adverse effect on the U.S. and world economy, which may negatively impact consumer spending patterns. There can be no assurance that various U.S. and world government responses to the disruptions in the financial markets in the near future will restore consumer confidence, stabilize the markets, or increase liquidity or the availability of credit.

Declines in the market price of our common stock or changes in other circumstances that may indicate an impairment of goodwill could adversely affect our financial position and results of operations.

We perform our annual goodwill impairment test in the second quarter of each fiscal year in accordance with the Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets. Interim goodwill impairment tests are also required when events or circumstances change between annual tests that would more likely than not reduce the fair value of our reporting units below their carrying value. It is possible that a change in circumstances such as the decline in the market price of our common stock or changes in consumer spending levels, or in the numerous variables associated with the judgments, assumptions and estimates made in assessing the appropriate valuation of our goodwill, could negatively impact the valuation of our brands and create the potential for a non-cash charge to recognize impairment losses on some or all of our goodwill. If we were required to write down a portion of our goodwill and record related non-cash impairment charges, our financial position and results of operations would be adversely affected.

The above risks and other risks described in this report and our other filings with the SEC could have a material impact on our business, financial condition or results of operations. It is not possible to predict or identify all risk factors. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also impair our operations. Therefore, the risks identified are not intended to be a complete discussion of all potential risks or uncertainties.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Shares repurchased during the third quarter of fiscal 2009 are as follows (in thousands, except share and per share amounts):

	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value that May Yet be Purchased Under the Program
December 25, 2008 through January 28, 2009	5,401	$ 8.65		$ 59,797
January 29, 2009 through February 25, 2009	167	$ 10.89		$ 59,797
February 26, 2009 through March 25, 2009	2,800	$ 11.52		$ 59,797
	8,368	$ 9.66		

(a) These amounts represent shares owned and tendered by employees to satisfy tax withholding obligations on the vesting of restricted share awards, which are not deducted from shares available to be purchased under publicly announced programs. Unless otherwise indicated, shares owned and tendered by employees to satisfy tax withholding obligations were purchased at the average of the high and low prices of the Company s shares on the date of vesting.

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Item 6. EXHIBITS

10(a)	$215,000,000 Credit Agreement, dated as of February 27, 2009, by and among Registrant, as Borrower; Brinker Restaurant Corporation, as Guarantor; JPMorgan Chase Bank, N.A., as Administrative Agent; J.P. Morgan Securities, Inc. and Banc of America Securities LLC, as Joint Lead Arrangers and Bookrunners; Bank of America, N.A., as Sole Syndication Agent; and Compass Bank and Wells Fargo Bank, National Association, as Co-Documentation Agents.
31(a)	Certification by Douglas H. Brooks, Chairman of the Board, President and Chief Executive Officer of the Registrant, pursuant to 17 CFR 240.13a 14(a) or 17 CFR 240.15d 14(a).
31(b)	Certification by Charles M. Sonsteby, Executive Vice President and Chief Financial Officer of the Registrant, pursuant to 17 CFR 240.13a 14(a) or 17 CFR 240.15d 14(a).
32(a)	Certification by Douglas H. Brooks, Chairman of the Board, President and Chief Executive Officer of the Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32(b)	Certification by Charles M. Sonsteby, Executive Vice President and Chief Financial Officer of the Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, we have duly caused this report to be signed on our behalf by the undersigned thereunto duly authorized.

BRINKER INTERNATIONAL, INC.

Date: May 4, 2009	By:	/s/ Douglas H. Brooks Douglas H. Brooks, Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)
Date: May 4, 2009	By:	/s/ Charles M. Sonsteby Charles M. Sonsteby, Executive Vice President and Chief Financial Officer (Principal Financial Officer)