

BRINKER INTERNATIONAL INC
Form 10-Q
February 05, 2007

**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 December 27, 2006

Commission File Number 1-10275

BRINKER INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

75-1914582
(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.

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Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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

Yes No

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 January 31, 2007
Common Stock, \$0.10 par value	122,312,334 shares

BRINKER INTERNATIONAL, INC.

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PART I. FINANCIAL INFORMATION**Item 1. FINANCIAL STATEMENTS**

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

	December 27, 2006 (Unaudited)	June 28, 2006
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 66,632	\$ 55,615
Accounts receivable	76,763	52,540
Inventories	37,515	40,330
Prepaid expenses and other	81,083	85,187
Deferred income taxes	19,590	8,638
Total current assets	281,583	242,310
Property and Equipment, at Cost:		
Land	279,975	279,369
Buildings and leasehold improvements	1,813,664	1,715,917
Furniture and equipment	750,621	745,812
Construction-in-progress	96,819	94,734
	2,941,079	2,835,832
Less accumulated depreciation and amortization	(1,085,357)	(1,043,108)
Net property and equipment	1,855,722	1,792,724
Other Assets:		
Goodwill	145,640	145,479
Deferred income taxes	6,463	
Other	45,124	41,266
Total other assets	197,227	186,745
Total assets	\$ 2,334,532	\$ 2,221,779
LIABILITIES AND SHAREHOLDERS EQUITY		
Current Liabilities:		
Current installments of long-term debt	\$ 2,200	\$ 2,197
Accounts payable	141,314	151,216
Accrued liabilities	382,531	314,509
Income taxes payable	78,738	29,453
Total current liabilities	604,783	497,375
Long-term debt, less current installments	487,387	500,515
Deferred income taxes		7,016
Other liabilities	155,003	141,041
Commitments and Contingencies (Note 8)		
Shareholders Equity:		
Common stock - 250,000,000 authorized shares; \$0.10 par value; 176,246,666 shares issued and 122,809,973 shares outstanding at December 27, 2006, and 176,246,666 shares issued and 125,306,825 shares outstanding at June 28, 2006	17,625	17,625
Additional paid-in capital	426,875	406,626
Accumulated other comprehensive income	826	773
Retained earnings	1,674,894	1,602,786
	2,120,220	2,027,810
Less:	(1,032,861)	(951,978)

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Treasury stock, at cost (53,436,693 shares at December 27, 2006 and 50,939,841 shares at June 28, 2006)

Total shareholders' equity	1,087,359	1,075,832
Total liabilities and shareholders' equity	\$ 2,334,532	\$ 2,221,779

See accompanying notes to consolidated financial statements.

BRINKER INTERNATIONAL, INC.

Consolidated Statements of Income
(In thousands, except per share amounts)
(Unaudited)

	Thirteen Week Periods Ended		Twenty-Six Week Periods Ended	
	December 27, 2006	December 28, 2005	December 27, 2006	December 28, 2005
Revenues	\$ 1,070,587	\$ 1,009,083	\$ 2,110,522	\$ 1,984,979
Operating Costs and Expenses:				
Cost of sales	299,612	287,305	585,119	562,463
Restaurant expenses	594,400	555,371	1,174,979	1,098,143
Depreciation and amortization	48,743	47,602	96,974	94,313
General and administrative	47,026	51,667	97,291	98,805
Restructure charges and other impairments	10,630	1,312	10,630	2,479
Total operating costs and expenses	1,000,411	943,257	1,964,993	1,856,203
Operating income	70,176	65,826	145,529	128,776
Interest expense	6,614	6,198	12,851	11,565
Other, net	(795)	(20)	(1,632)	(184)
Income before provision for income taxes	64,357	59,648	134,310	117,395
Provision for income taxes	20,165	20,278	42,479	39,583
Income from continuing operations	44,192	39,370	91,831	77,812
Income (loss) from discontinued operations, net of taxes		3,507		(3,181)
Net income	\$ 44,192	\$ 42,877	\$ 91,831	\$ 74,631
Basic net income per share:				
Income from continuing operations	\$ 0.36	\$ 0.31	\$ 0.74	\$ 0.60
Income (loss) from discontinued operations	\$	\$ 0.02	\$	\$ (0.03)
Net income per share	\$ 0.36	\$ 0.33	\$ 0.74	\$ 0.57
Diluted net income per share:				
Income from continuing operations	\$ 0.35	\$ 0.30	\$ 0.73	\$ 0.59
Income (loss) from discontinued operations	\$	\$ 0.03	\$	\$ (0.03)
Net income per share	\$ 0.35	\$ 0.33	\$ 0.73	\$ 0.56
Basic weighted average shares outstanding	123,451	128,970	123,835	130,364
Diluted weighted average shares outstanding	126,641	131,427	126,339	132,626
Cash dividends per share	\$ 0.09	\$ 0.07	\$ 0.16	\$ 0.07

See accompanying notes to consolidated financial statements.

BRINKER INTERNATIONAL, INC.

Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

Twenty-Six Week Periods Ended

