UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 28, 2018

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 ☒ No ☐

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 ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 April 30, 2018
Common Stock, $0.10 par value	43,853,794 shares

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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)
(Unaudited)

	March 28, 2018	June 28, 2017
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 13,400	$ 9,064
Accounts receivable, net	44,336	44,658
Inventories	24,407	24,997
Restaurant supplies	46,685	46,380
Prepaid expenses	15,191	19,226
Total current assets	144,019	144,325
Property and Equipment, at Cost:		
Land	149,150	149,098
Buildings and leasehold improvements	1,673,950	1,655,227
Furniture and equipment	719,924	713,228
Construction-in-progress	10,563	21,767
	2,553,587	2,539,320
Less accumulated depreciation and amortization	(1,609,722)	(1,538,706)
Net property and equipment	943,865	1,000,614
Other Assets:		
Goodwill	164,011	163,953
Deferred income taxes, net	29,239	37,029
Intangibles, net	24,744	27,512
Other	31,001	30,200
Total other assets	248,995	258,694
Total assets	$ 1,336,879	$ 1,403,633
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current Liabilities:		
Current installments of long-term debt	$ 7,301	$ 9,649
Accounts payable	97,166	104,231
Gift card liability	126,627	126,482
Accrued payroll	75,995	70,281
Other accrued liabilities	139,051	111,515
Income taxes payable	2,857	14,203
Total current liabilities	448,997	436,361
Long-term debt, less current installments	1,361,705	1,319,829
Other liabilities	134,719	141,124
Commitments and Contingencies (Note 11)		
Shareholders' Deficit:		
Common stock - 250,000,000 authorized shares; $0.10 par value; 176,246,649 shares issued and 43,843,747 shares outstanding at March 28, 2018 and 176,246,649 shares issued and 48,440,721 shares outstanding at June 28, 2017	17,625	17,625
Additional paid-in capital	509,479	502,074
Accumulated other comprehensive loss	(5,445)	(11,921)
Retained earnings	2,655,387	2,627,073
	3,177,046	3,134,851
Less treasury stock, at cost (132,402,902 shares at March 28, 2018 and 127,805,928 shares at June 28, 2017)	(3,785,588)	(3,628,532)
Total shareholders' deficit	(608,542)	(493,681)
Total liabilities and shareholders' deficit	$ 1,336,879	$ 1,403,633

See accompanying notes to consolidated financial statements.

BRINKER INTERNATIONAL, INC.
Consolidated Statements of Comprehensive Income
(In thousands, except per share amounts)
(Unaudited)

	Thirteen Week Period Ended		Thirty-Nine Week Period Ended	
	March 28, 2018	March 29, 2017	March 28, 2018	March 29, 2017
Revenues:				
Company sales	$ 790,495	$ 790,624	$ 2,250,125	$ 2,276,743
Franchise and other revenues	22,039	20,017	68,199	63,433
Total revenues	812,534	810,641	2,318,324	2,340,176
Operating costs and expenses:				
Company restaurants (excluding depreciation and amortization)				
Cost of sales	207,328	201,903	587,808	587,742
Restaurant labor	265,367	261,632	766,858	760,894
Restaurant expenses	190,205	192,372	566,983	582,146
Company restaurant expenses	662,900	655,907	1,921,649	1,930,782
Depreciation and amortization	37,553	39,335	113,728	117,526
General and administrative	36,619	35,931	102,065	102,014
Other gains and charges	2,752	6,600	25,167	13,984
Total operating costs and expenses	739,824	737,773	2,162,609	2,164,306
Operating income	72,710	72,868	155,715	175,870
Interest expense	14,549	13,658	42,754	36,108
Other, net	(755)	(402)	(2,246)	(1,084)
Income before provision for income taxes	58,916	59,612	115,207	140,846
Provision for income taxes	12,000	17,243	33,048	40,607
Net income	$ 46,916	$ 42,369	$ 82,159	$ 100,239
Basic net income per share	$ 1.03	$ 0.87	$ 1.76	$ 1.96
Diluted net income per share	$ 1.02	$ 0.86	$ 1.74	$ 1.93
Basic weighted average shares outstanding	45,433	48,954	46,719	51,211
Diluted weighted average shares outstanding	45,973	49,506	47,195	51,854
Other comprehensive income (loss):				
Foreign currency translation adjustment	$ (243)	$ 734	$ 577	$ (1,411)
Other comprehensive income (loss)	(243)	734	577	(1,411)
Comprehensive income	$ 46,673	$ 43,103	$ 82,736	$ 98,828
Dividends per share	$ 0.38	$ 0.34	$ 1.14	$ 1.02

See accompanying notes to consolidated financial statements.

BRINKER INTERNATIONAL, INC.
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Thirty-Nine Week Period Ended	
	March 28, 2018	March 29, 2017
Cash Flows from Operating Activities:		
Net income	$ 82,159	$ 100,239
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	113,728	117,526
Stock-based compensation	11,037	13,237
Deferred income taxes, net	7,788	(8,684)
Restructure charges and other impairments	16,047	8,837
Net loss (gain) on disposal of assets	1,360	(628)
Undistributed loss (earnings) on equity investments	330	(82)
Other	2,431	2,082
Changes in assets and liabilities:		
Accounts receivable, net	2,710	11,078
Inventories	(128)	(1,386)
Restaurant supplies	(1,118)	(1,338)
Prepaid expenses	3,915	3,273
Other assets	(148)	(340)
Accounts payable	290	(7,487)
Gift card liability	145	9,109
Accrued payroll	5,708	4,592
Other accrued liabilities	6,679	10,576
Current income taxes	(10,961)	(14,603)
Other liabilities	(4,270)	(338)
Net cash provided by operating activities	237,702	245,663
Cash Flows from Investing Activities:		
Payments for property and equipment	(69,503)	(79,730)
Proceeds from sale of assets	14,825	3,077
Insurance recoveries	1,747	—
Proceeds from note receivable	1,185	—
Net cash used in investing activities	(51,746)	(76,653)
Cash Flows from Financing Activities:		
Borrowings on revolving credit facility	524,000	200,000
Payments on revolving credit facility	(484,000)	(328,000)
Purchases of treasury stock	(162,004)	(350,768)
Payments of dividends	(53,098)	(54,087)
Payments on long-term debt	(7,834)	(2,847)
Proceeds from issuances of treasury stock	1,316	4,505
Proceeds from issuance of long-term debt	—	350,000
Payments for debt issuance costs	—	(10,216)
Net cash used in financing activities	(181,620)	(191,413)
Net change in cash and cash equivalents	4,336	(22,403)
Cash and cash equivalents at beginning of period	9,064	31,446
Cash and cash equivalents at end of period	$ 13,400	$ 9,043

See accompanying notes to consolidated financial statements.

BRINKER INTERNATIONAL, INC.
Notes to the 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 any predecessor companies of Brinker International, Inc.

Our unaudited consolidated financial statements as of March 28, 2018 and June 28, 2017 and for the thirteen and thirty-nine week periods ended March 28, 2018 and March 29, 2017 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") and Maggiano's Little Italy® ("Maggiano's") restaurant brands. At March 28, 2018, we owned, operated or franchised 1,686 restaurants, consisting of 997 company-owned restaurants and 689 franchised restaurants, located in the United States, two United States territories and 31 other countries.

The foreign currency translation adjustment included in Comprehensive income on the Consolidated Statements of Comprehensive Income represents the unrealized impact of translating the financial statements of our Canadian restaurants and our Mexican joint venture (prior to divestiture) from their respective functional currencies to U.S. dollars. This amount is not included in net income and would only be realized upon disposition of the businesses. The Accumulated other comprehensive loss ("AOCL") is presented on the Consolidated Balance Sheets. Additionally, certain prior year balances in the Consolidated Balance Sheets have been reclassified to conform to fiscal 2018 presentation. These reclassifications have no effect on our net income as previously reported and an immaterial impact on our prior year Consolidated Balance Sheets.

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and costs and expenses during the reporting periods. Actual results could differ from those estimates.

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-09, Improvements to Employee Share-Based Payment Accounting (Topic 718). This update changed the recognition of excess tax benefits and tax deficiencies resulting from the settlement of share-based awards from an adjustment to Additional paid-in capital on the Consolidated Balance Sheets to an adjustment to the Provision for income taxes on the Consolidated Statements of Comprehensive Income and is applied on a prospective basis. This update also changed the classification of excess tax benefits from cash flows from financing activities to cash flows from operating activities on the Consolidated Statements of Cash Flows and is applied retrospectively. This update was effective for annual and interim periods for fiscal years beginning after December 15, 2016, which required us to adopt these provisions in the first quarter of fiscal 2018. We recognized a discrete tax expense of $1.1 million in the Provision for income taxes, which resulted in a decrease in Diluted net income per share of $0.02, in the Consolidated Statements of Comprehensive Income for the thirty-nine week period ended March 28, 2018. The impact for the thirteen week period ended March 28, 2018 was negligible, and did not result in any impact to our to Diluted net income per share in the Consolidated Statements of Comprehensive Income. The inclusion of excess tax benefits and tax deficiencies within our Provision for income taxes will increase its volatility as the amount of excess tax benefits or tax deficiencies from share-based compensation awards depends on our stock price at the date the awards vest. In addition, we reclassified $2.0 million of excess tax benefits received from cash flows from financing activities to cash flows from operating activities on our Consolidated Statements of Cash Flows for the thirty-nine week period ended March 29, 2017. The adoption of the other provisions in this update, including the accounting policy election for accounting for forfeitures, the amount an employer can withhold to cover income taxes and still qualify for equity classification and the classification of those taxes paid on the statement of cash flows, had no impact on our consolidated financial statements. We will continue to estimate forfeitures of share-based awards.

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, financial position and cash flows 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 GAAP 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 28, 2017 Form 10-K. We believe the disclosures are sufficient for interim financial reporting purposes.

2. NET INCOME PER SHARE

Basic net income per share is computed by dividing net income by the weighted average number of common shares outstanding for the reporting period. Diluted net income 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 net income per share, the basic weighted average number of shares is increased by the dilutive effect of stock options and restricted share awards. Stock options and restricted share awards with an anti-dilutive effect are not included in the dilutive net income per share calculation.

Basic weighted average shares outstanding are reconciled to diluted weighted average shares outstanding as follows (in thousands):

	Thirteen Week Period Ended		Thirty-Nine Week Period Ended	
	March 28, 2018	March 29, 2017	March 28, 2018	March 29, 2017
Basic weighted average shares outstanding	45,433	48,954	46,719	51,211
Dilutive stock options	115	168	98	212
Dilutive restricted shares	425	384	378	431
	540	552	476	643
Diluted weighted average shares outstanding	45,973	49,506	47,195	51,854
Awards excluded due to anti-dilutive effect on diluted net income per share	974	993	1,260	970

3. INCOME TAXES

The Tax Cuts and Jobs Act of 2017 (the "Tax Act") was enacted on December 22, 2017 with an effective date of January 1, 2018. The enactment date occurred prior to the end of the second quarter of fiscal 2018 and therefore the federal statutory tax rate changes stipulated by the Tax Act were reflected in the second quarter. The Tax Act lowered the federal statutory tax rate from 35.0% to 21.0% effective January 1, 2018. Our federal statutory tax rate for fiscal 2018 is now 28.1%, representing a blended tax rate for the current fiscal year based on the number of days in the fiscal year before and after the effective date. For subsequent years, our federal statutory tax rate will be 21.0%. In accordance with ASC 740, we re-measured our deferred tax accounts as of the enactment date using the new federal statutory tax rate and recognized the change as a discrete item in the Provision for income taxes. For the thirty-nine week period ended March 28, 2018, the adjustment was $8.4 million, this changed slightly from the prior quarter due to revised full year estimates for changes in our net deferred tax balance. Our accumulated foreign earnings and profits are in a loss position and therefore no taxes are applicable related to a deemed repatriation.

A reconciliation between the reported provision for income taxes and the amount computed by applying our federal statutory income tax rate of 28.1% to Income before provision for income taxes is as follows (in thousands):

	Thirteen Week Period Ended March 28, 2018	Thirty-Nine Week Period Ended March 28, 2018
Income tax expense at statutory rate	$ 16,555	$ 32,373
FICA tax credit	(7,087)	(13,857)
State income taxes, net of federal benefit	2,284	4,467
Stock based compensation excess tax (windfall) shortfall	(43)	1,127
Revaluation of deferred taxes	(321)	8,417
Other	612	521
	$ 12,000	$ 33,048

4. OTHER GAINS AND CHARGES

Other gains and charges in the Consolidated Statements of Comprehensive Income consist of the following (in thousands):

	Thirteen Week Period Ended		Thirty-Nine Week Period Ended	
	March 28, 2018	March 29, 2017	March 28, 2018	March 29, 2017
Restaurant closure charges	$ 2,777	$ 794	$ 7,321	$ 3,621
Lease guarantee charges	510	—	1,943	—
Accelerated depreciation	483	—	1,449	—
Hurricane-related costs	240	—	5,460	—
Foreign currency transaction gain	(948)	—	(66)	—
Restaurant impairment charges	—	—	9,133	1,851
Gain on the sale of assets, net	—	(55)	(303)	(2,624)
Severance	—	5,929	—	6,222
Information technology restructuring	—	—	—	2,700
Other	(310)	(68)	230	2,214
	$ 2,752	$ 6,600	$ 25,167	$ 13,984

Fiscal 2018

Restaurant closure charges during the third quarter of fiscal 2018 were $2.8 million which includes $1.7 million related to lease termination expenses. We are the primary lessee of leases that were sublet to a divested brand, currently in bankruptcy proceedings, that discontinued sublease rental payments and closed the restaurants. Additionally, we recorded Lease guarantee charges of $0.5 million in the third quarter of fiscal 2018, and $1.4 million in the second quarter of fiscal 2018 related to the same divested brand for certain leases under which we were secondarily liable. For additional information on lease guarantees, see Note 11 - Contingencies.

Restaurant closure charges during the thirty-nine week period ended March 28, 2018 primarily includes expenses associated with nine Alberta, Canada Chili’s restaurants closed during the second quarter of fiscal 2018. Alberta has an oil dependent economy and has experienced an economic recession in recent years related to lower oil production. The slower economy has negatively affected traffic at the restaurants. The decision to close these restaurants was driven by management’s belief that the long-term profitability of these restaurants would not meet our required level of return. During the third quarter of fiscal 2018, $1.1 million of Restaurant closure charges was recorded primarily due to landlord rejections of previously identified sublease tenants related to Chili’s restaurants in Alberta, Canada closed during the second quarter. During the second quarter of fiscal 2018, we recorded Restaurant closure charges of $4.3 million primarily related to lease termination charges and other costs associated with certain locations for which no sublease tenant was identified. During the first quarter of fiscal 2018, we recorded Restaurant impairment charges also related to the Canada closures of $7.2 million primarily related to the long-lived assets and reacquired franchise rights.

Additionally, during the second quarter of fiscal 2018, we recorded Restaurant impairment charges of $2.0 million primarily related to the long-lived assets of certain underperforming Maggiano’s and Chili’s restaurants that will continue to operate. See Note 8 - Fair Value Measurements for further details.

Accelerated depreciation of $0.5 million and $1.4 million was recorded during the third quarter and the thirty-nine week period ended March 28, 2018, respectively, primarily related to depreciation on certain leasehold improvements at the corporate headquarters property. We plan to relocate the corporate headquarters in fiscal 2019.

During the third quarter of fiscal 2018, we sold the portion of our current headquarters property that we owned for net proceeds of $13.7 million. We will continue to occupy the property rent-free until our new corporate headquarters location is available or March 31, 2019. The net sales proceeds have been recorded within Other accrued liabilities on the Consolidated Balance Sheets (see Note 7 - Accrued and Other Liabilities for further details), until we have fully relinquished possession of the sold property and our involvement has been terminated. Once our possession of the existing headquarters has terminated, we will recognize the sale, and record a gain related to the transaction. As of March 28, 2018, Land of $5.9 million, and additional Net property and equipment of $2.3 million were recorded on our Consolidated Balance Sheets related to the sold property.

Hurricane-related costs include incurred expenses associated with Hurricanes Harvey and Irma primarily related to employee relief payments and inventory spoilage. Our restaurants were closed in the areas affected by these disasters and our team members were unable to work. Payments were made to assist our team members during these crises and to promote retention. We carry insurance coverage for these types of natural disasters. It was determined that Hurricane Irma damage was below insurance claim deductible limits, and we do not expect any insurance proceeds related to this storm. During the second quarter of fiscal 2018, we received insurance proceeds related to certain Hurricane Harvey property damage of $1.0 million that was mostly offset by the long-lived asset write-off, of which the net amount of $0.1 million was included within Other gains and charges in the Consolidated Statements of Comprehensive Income. The business interruption portion of the claim relating to Hurricane Harvey is still under review following the established claims adjusting process.

During the third quarter of fiscal 2018, we received property damage insurance proceeds of $0.5 million related to natural flooding in Louisiana that are recorded within Other gains and charges in the Consolidated Statements of Comprehensive Income. Additionally, during the third quarter, we received business interruption funds of $0.4 million related to the Louisiana flooding from insurers that are recorded within Restaurant expenses on the Consolidated Statements of Comprehensive Income.

During the second quarter of fiscal 2018, we sold our equity interest in our Mexico joint venture to the franchise partner in the joint venture, CMR, S.A.B. de C.V. for $18.0 million. We received a note as consideration to be paid in 72 equal installments, with one installment payment made at closing and the other payments to be made over 71 months pursuant to the note. The note is denominated in Mexican pesos and is re-measured to U.S. dollars at the end of each period resulting in a gain or loss from foreign currency exchange rate changes. Foreign currency transaction gain for the third quarter of fiscal 2018 included a $0.9 million gain because the value of the Mexican peso increased as compared to the U.S. dollar during this period. During the second quarter of fiscal 2018, we recorded a $0.9 million loss due to the decline in the exchange rate for the Mexican peso relative to the U.S. dollar.

Additionally, related to the CMR equity interest sale, in the second quarter of fiscal 2018 we recorded a gain of $0.2 million within Gain on the sale of assets, net which included the recognition of prior period foreign currency translation losses reclassified from AOCL, please see Note 9 - Shareholders' Deficit for further details. The current portion of the note, which represents the cash payments to be received over the next 12 months, is included within Accounts receivable, net while the long-term portion of the note is included within Other assets on the Consolidated Balance Sheets.

Fiscal 2017

During the third quarter of fiscal 2017, we completed a reorganization of the Chili's restaurant operations team and certain departments at the corporate headquarters to better align our staffing with the current management strategy and resource needs. This employee separation action resulted in severance charges and accelerated stock-based compensation expenses of $5.9 million. Substantially all of the severance amounts were paid by the end of the third quarter of fiscal 2017. Additionally, we recorded restaurant closure charges of $0.8 million primarily related to lease and other costs associated with closed restaurants.

During the second quarter of fiscal 2017, we recorded a $2.6 million gain on the sale of property, partially offset by restaurant impairment charges of $1.9 million primarily related to the long-lived assets and reacquired franchise rights of six underperforming Chili's restaurants which continue to operate. See Note 8 - Fair Value Measurements for further details.

During the first quarter of fiscal 2017, we recorded restaurant closure charges of $2.5 million primarily related to lease termination charges for restaurants closed during the quarter. Additionally, we incurred $2.5 million of professional fees and severance associated with our information technology restructuring.

5. SEGMENT INFORMATION

Our operating segments are Chili's and Maggiano's. The Chili's segment includes the results of our company-owned Chili's restaurants in the United States and Canada as well as the results from our domestic and international franchise business. The Maggiano's segment includes the results of our company-owned Maggiano's restaurants.

Company sales are derived principally from the sales of food and beverages. Franchise and other revenues primarily includes royalties, development fees, franchise fees, banquet service charge income, gift card breakage and discounts, digital entertainment revenue, Chili's retail food product royalties and delivery fee income. We do not rely on any major customers as a source of sales, and the customers and long-lived assets of our operating segments are predominantly in the United States. There were no material transactions amongst our operating segments.

Our chief operating decision maker uses operating income as the measure for assessing performance of our operating segments. Operating income includes revenues and expenses directly attributable to segment-level results of operations. Company restaurant expenses include food and beverage costs, restaurant labor costs and restaurant expenses, including advertising. The following tables reconcile our segment results to our consolidated results reported in accordance with GAAP (in thousands):

	Thirteen Week Period Ended March 28, 2018			
	Chili's	Maggiano's	Other	Consolidated
Company sales	$ 688,879	$ 101,616	$ —	$ 790,495
Franchise and other revenues	17,204	4,835	—	22,039
Total revenues	706,083	106,451	—	812,534
Company restaurant expenses	572,812	89,991	97	662,900
Depreciation and amortization	31,011	3,957	2,585	37,553
General and administrative	10,601	1,420	24,598	36,619
Other gains and charges	(75)	6	2,821	2,752
Total operating costs and expenses	614,349	95,374	30,101	739,824
Operating income (loss)	91,734	11,077	(30,101)	72,710
Interest expense	—	—	14,549	14,549
Other, net	—	—	(755)	(755)
Income (loss) before provision for income taxes	$ 91,734	$ 11,077	$ (43,895)	$ 58,916

	Thirteen Week Period Ended March 29, 2017			
	Chili's	Maggiano's	Other	Consolidated
Company sales	$ 689,662	$ 100,962	$ —	$ 790,624
Franchise and other revenues	15,224	4,793	—	20,017
Total revenues	704,886	105,755	—	810,641
Company restaurant expenses	565,327	90,454	126	655,907
Depreciation and amortization	32,386	4,078	2,871	39,335
General and administrative	8,771	1,624	25,536	35,931
Other gains and charges	4,233	—	2,367	6,600
Total operating costs and expenses	610,717	96,156	30,900	737,773
Operating income (loss)	94,169	9,599	(30,900)	72,868
Interest expense	—	—	13,658	13,658
Other, net	—	—	(402)	(402)
Income (loss) before provision for income taxes	$ 94,169	$ 9,599	$ (44,156)	$ 59,612

	Thirty-Nine Week Period Ended March 28, 2018			
	Chili's	Maggiano's	Other	Consolidated
Company sales	$ 1,940,076	$ 310,049	$ —	$ 2,250,125
Franchise and other revenues	51,992	16,207	—	68,199
Total revenues	1,992,068	326,256	—	2,318,324
Company restaurant expenses	1,648,094	273,187	368	1,921,649
Depreciation and amortization	93,818	12,029	7,881	113,728
General and administrative	29,443	4,202	68,420	102,065
Other gains and charges	17,994	777	6,396	25,167
Total operating costs and expenses	1,789,349	290,195	83,065	2,162,609
Operating income (loss)	202,719	36,061	(83,065)	155,715
Interest expense	—	—	42,754	42,754
Other, net	—	—	(2,246)	(2,246)
Income (loss) before provision for income taxes	$ 202,719	$ 36,061	$ (123,573)	$ 115,207
Segment assets	$ 1,126,650	$ 151,649	$ 58,580	$ 1,336,879
Payments for property and equipment	58,613	5,590	5,300	69,503

	Thirty-Nine Week Period Ended March 29, 2017			
	Chili's	Maggiano's	Other	Consolidated
Company sales	$ 1,970,390	$ 306,353	$ —	$ 2,276,743
Franchise and other revenues	47,417	16,016	—	63,433
Total revenues	2,017,807	322,369	—	2,340,176
Company restaurant expenses	1,658,067	272,137	578	1,930,782
Depreciation and amortization	97,630	12,019	7,877	117,526
General and administrative	28,115	4,836	69,063	102,014
Other gains and charges	9,102	746	4,136	13,984
Total operating costs and expenses	1,792,914	289,738	81,654	2,164,306
Operating income (loss)	224,893	32,631	(81,654)	175,870
Interest expense	—	—	36,108	36,108
Other, net	—	—	(1,084)	(1,084)
Income (loss) before provision for income taxes	$ 224,893	$ 32,631	$ (116,678)	$ 140,846
Payments for property and equipment	$ 60,770	$ 10,673	$ 8,287	$ 79,730

6. DEBT

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

	March 28, 2018	June 28, 2017
Revolving credit facility	$ 432,250	$ 392,250
5.00% notes	350,000	350,000
3.88% notes	300,000	300,000
2.60% notes	250,000	250,000
Capital lease obligations	43,667	45,417
Total long-term debt	1,375,917	1,337,667
Less unamortized debt issuance costs and discounts	(6,911)	(8,189)
Total long-term debt less unamortized debt issuance costs and discounts	1,369,006	1,329,478
Less current installments	(7,301)	(9,649)
	$ 1,361,705	$ 1,319,829

During the thirty-nine week period ended March 28, 2018, net borrowings of $40.0 million were drawn on the $1.0 billion revolving credit facility primarily to fund share repurchases.

Under the revolving credit facility, $890.0 million of the facility is due on September 12, 2021, and the remaining $110.0 is due on March 12, 2020. The revolving credit facility bears interest of LIBOR plus an applicable margin, which is a function of our credit rating and debt to cash flow ratio, but is subject to a maximum of LIBOR plus 2.00%. Based on our current credit rating, as of March 28, 2018 we are paying interest at a rate of LIBOR plus 1.38% for a total of 3.27%. One month LIBOR at March 28, 2018 was approximately 1.89%.

As of March 28, 2018, $567.8 million of credit is available under the revolving credit facility. Obligations under our 2.60% notes, which will mature in May 2018, have been classified as long-term, reflecting our intention to pay off these notes through our existing revolving credit facility.

Our debt agreements contain various financial covenants that, among other things, require the maintenance of certain leverage and fixed charge coverage ratios. We are currently in compliance with all financial covenants.

7. ACCRUED AND OTHER LIABILITIES

Other accrued liabilities consist of the following (in thousands):

	March 28, 2018	June 28, 2017
Insurance	$ 18,143	$ 17,484
Sales tax	17,174	12,494
Dividends	16,839	16,649
Interest	16,628	7,696
Property tax	13,952	16,566
Deferred sale proceeds [1]	13,706	—
Other [2]	42,609	40,626
	$ 139,051	$ 111,515

(1) Deferred sale proceeds relates to the corporate headquarters sale, please see Note 4 - Other Gains and Charges for further details.

(2) Other primarily consists of reserves for restaurant closure activities, certain lease reserves (see Note 11 - Contingencies for details), accruals for utilities and services, banquet deposits for Maggiano’s events, and the current portion of straight-line rent and landlord contributions.

Other liabilities consist of the following (in thousands):

	March 28, 2018	June 28, 2017
Straight-line rent	$ 56,115	$ 57,464
Insurance	42,138	42,532
Landlord contributions	23,527	26,402
Unfavorable leases	3,948	5,398
Unrecognized tax benefits	3,102	3,116
Other	5,889	6,212
	$ 134,719	$ 141,124

8. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. In determining fair value, the accounting standards establish a three level hierarchy for inputs used in measuring fair value, as follows:

- Level 1 – inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 – inputs are observable for the asset or liability, either directly or indirectly, including quoted prices in active markets for similar assets or liabilities.
- Level 3 – inputs are unobservable and reflect our own assumptions.

Non-Financial Assets Measured on a Non-Recurring Basis

We review the carrying amounts of property and equipment and intangibles such as reacquired franchise rights and transferable liquor licenses semi-annually or when events or circumstances indicate that the fair value may not exceed the carrying amount. We record an impairment charge for the excess of the carrying amount over the fair value. During the thirty-nine week period ended March 28, 2018, based on our second quarter semi-annual review, we impaired long-lived assets with carrying values of $2.3 million, primarily related to one underperforming Maggiano's restaurant and one underperforming Chili's restaurant which will continue to operate. We determined the leasehold improvements associated with the impaired restaurants had a fair value of $0.3 million, based on Level 3 fair value measurements, resulting in an impairment charge of $2.0 million. During the first quarter of fiscal 2018, we impaired long-lived assets and reacquired franchise rights with carrying values of $6.0 million and $1.2 million, respectively, primarily related to nine underperforming Chili's restaurants located in Alberta, Canada which were identified for closure by management. We determined the leasehold improvements and other assets associated with these restaurants had no fair value, based on Level 3 fair value measurements, resulting in an impairment charge of $7.2 million. The restaurant assets were assigned a zero fair value as the decision to close the restaurants in the second quarter of fiscal 2018 will result in substantially all of the assets reverting to the landlords. During the thirty-nine week period ended March 29, 2017, long-lived assets and reacquired franchise rights with carrying values of $1.3 million and $0.8 million, respectively, primarily related to six underperforming restaurants, were determined to have a total fair value of $0.2 million resulting in an impairment charge of $1.9 million.

We determine the fair value of transferable liquor licenses based on prices in the open market for licenses in the same or similar jurisdictions. Based on our semi-annual review, during the second quarter of fiscal 2018 and fiscal 2017, we determined there was no impairment.

We review the carrying amounts of goodwill annually or when events or circumstances indicate that the carrying amount may not be recoverable. If the carrying amount is not recoverable, we record an impairment charge for the excess of the carrying amount over the implied fair value of the goodwill. We determined that there was no impairment of goodwill during our annual test in the second quarter of fiscal 2018 and fiscal 2017 as the fair value of our reporting units were substantially in excess of their carrying values. No indicators of impairment were identified through the end of the third quarter of fiscal 2018.

All impairment charges were included in Other gains and charges in the Consolidated Statements of Comprehensive Income for the periods presented. Please see Note 4 - Other Gains and Charges for more information.

Other Financial Instruments

Our financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, a long-term note receivable and long-term debt. The fair values of cash and cash equivalents, accounts receivable and accounts payable approximate their carrying amounts because of the short maturity of these items.

During the second quarter of fiscal 2018, we received an $18.0 million long-term note as consideration related to the sale of our equity interest in the Chili's joint venture in Mexico. We determined the fair value of this note based on an internally developed analysis relying on Level 3 inputs. This analysis was based on a credit rating we assigned to the counterparty and comparable interest rates associated with similar debt instruments observed in the market. As a result of this analysis, we determined the fair value of this note was approximately $16.0 million and recorded this fair value as its initial carrying value. The current portion of the note represents the cash payments to be received over the next 12 months and is included within Accounts receivable, net, while the long-term portion of the note is included within Other assets in the Consolidated Balance Sheets.

The carrying amount of debt outstanding related to our revolving credit facility approximates fair value as the interest rate on this instrument approximates current market rates (Level 2). The fair values of the 2.60% notes, 3.88% notes and 5.00% notes are based on quoted market prices and are considered Level 2 fair value measurements.

The carrying amounts, which are net of unamortized debt issuance costs and discounts, and fair values of the 2.60% notes, 3.88% notes and 5.00% notes are as follows (in thousands):

	March 28, 2018		June 28, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
2.60% Notes	$ 249,928	$ 249,800	$ 249,495	$ 250,480
3.88% Notes	298,178	285,480	297,912	286,077
5.00% Notes	344,983	342,300	344,405	347,956

9. SHAREHOLDERS' DEFICIT

In August 2017, our Board of Directors authorized a $250.0 million increase to our existing share repurchase program resulting in total authorizations of $4.6 billion. We repurchased approximately 4.8 million shares of our common stock for $162.0 million during the thirty-nine week period ended March 28, 2018. The repurchased shares included shares purchased as part of our share repurchase program and shares repurchased to satisfy team member tax withholding obligations on the vesting of restricted shares. Repurchased common stock is reflected as an increase in treasury stock within shareholders' deficit. As of March 28, 2018, approximately $204.7 million was available under our share repurchase authorizations. 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 evaluate potential share repurchases under our plan based on several factors, including our cash position, share price, operational liquidity, proceeds from divestitures, borrowings, and planned investment and financing needs.

During the thirty-nine week period ended March 28, 2018, we granted approximately 1.2 million stock options with a weighted average exercise price per share of $31.28 and a weighted average fair value per share of $4.46, and approximately 0.5 million restricted share awards with a weighted average fair value per share of $32.02.

Also, during the thirty-nine week period ended March 28, 2018, we paid dividends of $53.1 million to common stock shareholders, compared to $54.1 million in the prior year. Our Board of Directors approved a 12% increase in the quarterly dividend from $0.34 to $0.38 per share effective with the dividend declared in August 2017. We also declared a quarterly dividend in February 2018, which was paid on March 29, 2018 in the amount of $16.8 million. The dividend was accrued in Other accrued liabilities on our Consolidated Balance Sheets as of March 28, 2018, see Note 7 - Accrued and Other Liabilities.

On October 13, 2017, we sold our Dutch subsidiary that held an equity interest in our Chili's joint venture in Mexico to the franchise partner in the joint venture, CMR, S.A.B. de C.V. for $18.0 million. During the second quarter of fiscal 2018, we recorded a gain of $0.2 million to Other gains and charges in the Consolidated Statements of Comprehensive Income which included the recognition of $5.4 million of foreign currency translation losses reclassified from AOCL consisting of $5.9 million of foreign currency translation losses from previous years, partially offset by $0.5 million of current year foreign currency translation gains. The changes in AOCL related to the CMR joint venture sale for the first thirty-nine weeks ended March 28, 2018 are as follows (in thousands):

	Accumulated Other Comprehensive Loss
Balance at June 28, 2017	$ (11,921)
Cumulative losses as of June 28, 2017 reclassified from AOCL due to disposition	5,899
Current period other comprehensive income before reclassifications	1,096
Current period reclassifications from AOCL due to disposition	(519)
Net current period other comprehensive income	577
Balance at March 28, 2018	$ (5,445)

10. SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for income taxes and interest is as follows (in thousands):

	Thirty-Nine Week Period Ended	
	March 28, 2018	March 29, 2017
Income taxes, net of refunds	$ 36,227	$ 63,381
Interest, net of amounts capitalized	29,463	18,595

Non-cash investing and financing activities are as follows (in thousands):

	Thirty-Nine Week Period Ended	
	March 28, 2018	March 29, 2017
Retirement of fully depreciated assets	$ 27,917	$ 17,964
Dividends declared but not paid	17,804	17,276
Capital lease additions	6,079	1,147
Accrued capital expenditures	5,091	4,599

11. CONTINGENCIES

In connection with the sale of restaurants to franchisees and brand divestitures we have, in certain cases, guaranteed lease payments. As of March 28, 2018 and June 28, 2017, we have outstanding lease guarantees or are secondarily liable for $62.6 million and $69.0 million, respectively. These amounts represent 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 2018 through fiscal 2027. In the event of default, the indemnity and default clauses in our assignment agreements govern our ability to pursue and recover damages incurred.

In the first quarter of fiscal 2018, we were notified that Mac Acquisition LLC, the owner of Romano's Macaroni Grill restaurants, closed certain of its properties for which we have outstanding lease guarantees or are secondarily liable. Based on management's belief that Mac Acquisition LLC would default on the leases for these closed locations, a liability was established based on an estimate of the obligation associated with these locations of approximately $1.1 million in fiscal 2017.

In the second quarter of fiscal 2018, Mac Acquisition LLC filed for Chapter 11 bankruptcy protections. Based on information obtained from the bankruptcy proceedings pertaining to our obligations under the Romano's Macaroni Grill leases and related lease guarantees, during the thirty-nine week period ended March 28, 2018, total incremental charges recorded based on additional leases rejected in the bankruptcy proceedings were $1.9 million, including $0.5 million related to the thirteen week period ended March 28, 2018. Please refer to Note 4 - Other Gains and Charges for more details. We paid $1.0 million during the thirty-nine week period ended March 28, 2018 to settle the remaining obligations of five of these leases. We believe at March 28, 2018, that our current liability of $2.0 million, recorded in Other accrued liabilities on the Consolidated Balance Sheets, is appropriate based on our analysis of the potential obligations. We do not expect additional leases to be rejected in bankruptcy proceedings. We will continue to monitor leases for which we have outstanding guarantees or are secondarily liable to assess the likelihood of any incremental losses. We have not been informed by landlords of Mac Acquisition LLC of any lease defaults other than those detailed in the bankruptcy filings. No other liabilities related to this matter have been recorded as of March 28, 2018.

The Mac Acquisition LLC lease obligations are based on Level 3 fair value measurements based on an estimate of the obligation associated with the lease locations, stated rent and other factors such as ability and probability of the landlord to mitigate damages by leasing to new tenants. Please refer to Note 8 - Fair Value Measurements for further details surrounding Level definitions.

We provide letters of credit to various insurers to collateralize obligations for outstanding claims. As of March 28, 2018, we had $31.0 million in undrawn standby letters of credit outstanding. All standby letters of credit are renewable between 12 to 24 months.

Evaluating contingencies related to litigation is a complex process involving subjective judgment on the potential outcome of future events, and the ultimate resolution of litigated claims may differ from our current analysis. Accordingly, we review the adequacy of accruals and disclosures pertaining to litigated matters each quarter in consultation with legal counsel, and we assess the probability and range of possible losses associated with contingencies for potential accrual in the consolidated financial statements.

We are engaged in various legal proceedings and have certain unresolved claims pending. Liabilities have been established based on our best estimates of our potential liability in certain of these matters. Based upon consultation with legal counsel, management 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.

12. SUBSEQUENT EVENTS

Subsequent to the end of the quarter, an amendment to the revolving credit facility was executed. This amendment was executed to provide the ability to execute certain sale-leaseback transactions and to increase the restricted payment capacity. Please see further details at Part II, Item 5. Additionally, net borrowings of $26.0 million were drawn on the revolving credit facility subsequent to the end of the quarter.

On April 30, 2018, our Board of Directors declared a quarterly dividend of $0.38 per share to be paid on June 28, 2018 to shareholders of record as of June 8, 2018.

13. EFFECT OF NEW ACCOUNTING STANDARDS

In February 2018, the FASB issued ASU 2018-01, Leases (Topic 842): Lease Easement Practical Expedient for Transition to Topic 842. This update provides a practical expedient for existing or expired land easements that were not previously accounted for in accordance with ASC 840. The practical expedient would allow entities to elect not to assess whether those land easements are, or contain, leases in accordance with ASC 842 when transitioning to the new leasing standard. The ASU clarifies that land easements entered into (or existing land easements modified) on or after the effective date of the new leasing standard must be assessed under ASC 842. We are in the process of evaluating the full impact that adoption of the new leasing standard and this land easement practical expedient guidance will have on our consolidated financial statements, see further details as described below in the ASU 2016-02 update.

In January 2017, the FASB issued ASU 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. This update eliminates step two of the goodwill impairment analysis. Companies will no longer be required to perform a hypothetical purchase price allocation to measure goodwill impairment. Instead, they will measure impairment as the difference between the carrying amount and the fair value of the reporting unit not to exceed the carrying amount of goodwill. This update is effective for annual and interim periods for fiscal years beginning after December 15, 2019, which will require us to adopt these provisions in the first quarter of fiscal 2021. Early adoption is permitted for interim or annual goodwill impairment tests performed with measurement dates after January 1, 2017. The update will be applied on a prospective basis. We do not expect the adoption of this guidance to have any impact on our consolidated financial statements as the fair value of our reporting units is substantially in excess of the carrying values.

In August 2016, the FASB issued ASU 2016-15, Classification of Certain Cash Receipts and Cash Payments (Topic 230). This update provides clarification regarding how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. This update is effective for annual and interim periods for fiscal years beginning after December 15, 2017, which will require us to adopt these provisions in the first quarter of fiscal 2019. Early adoption is permitted for financial statements that have not been previously issued. The update will be applied on a retrospective basis. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements or debt covenants.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This update requires a lessee to recognize on the balance sheet a liability to make lease payments and a corresponding right-of-use asset for virtually all leases, other than leases with a term of 12 months or less. The update also requires additional disclosures about the amount, timing, and uncertainty of cash flows arising from leases. This update is effective for annual and interim periods for fiscal years beginning after December 15, 2018, which will require us to adopt these provisions in the first quarter of fiscal 2020. Early adoption is permitted for financial statements that have not been previously issued. This update will be applied on a modified retrospective basis. We anticipate implementing the standard by taking advantage of the practical expedient option. The discounted minimum remaining rental payments will be the starting point for determining the right-of-use asset and lease liability. We had operating leases with remaining rental payments of approximately $606.9 million at the end of fiscal 2017. We expect that adoption of the new guidance will have a material impact on our consolidated balance sheets due to recognition of the right-of-use asset and lease liability related to our current operating leases. We are continuing to evaluate the effect the new guidance will have on our consolidated financial statements and related disclosures.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The FASB has subsequently amended this update by issuing additional ASU's that provide clarification and further guidance around areas identified as potential implementation issues. These updates provide a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. These updates also require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. In August 2015, the FASB issued ASU 2015-14 delaying the effective date of adoption. These updates are now effective for annual and interim periods for fiscal years beginning after December 15, 2017, which will require us to adopt these provisions in the first quarter of fiscal 2019. Early application in fiscal 2018 is permitted. These updates permit the use of either the retrospective or cumulative effect transition method. We currently expect to apply the cumulative effect transition method. We do not believe these updates will impact our recognition of revenue from sales generated at company-owned restaurants or recognition from royalty fees from our franchisees, which are our primary sources of revenue. We have performed a preliminary analysis of the impact of the new revenue recognition guidance and developed a comprehensive plan for the implementation. The plan includes analyzing the impact on our current revenue streams, comparing our historical accounting policies to the new guidance, and identifying potential differences from applying the requirements of the new guidance to our contracts. Under current accounting guidance, we recognize initial franchise fees when we have performed all material obligations and services, which generally occurs when the franchised restaurant opens. Under the new guidance, we anticipate deferring the initial franchise fees and recognizing revenue over the term of the related franchise agreement. We anticipate the new guidance will also change our reporting of advertising fund contributions from franchisees and the related advertising expenditures, which are currently reported on a net basis in our Consolidated Statements of Comprehensive Income within Restaurant expenses. Under the current guidance, advertising fund contributions received may not equal advertising expenditures for the period due to timing of promotions. To the extent that contributions received are different from advertising expenditures, the net difference is treated on the Consolidated Balance Sheets within Accounts payable. Under the new guidance, we anticipate advertising fund contributions from franchisees will be reported on a gross basis within Franchise and other revenues on the Consolidated Statements of Comprehensive Income, and the related advertising expenses will continue to be reported within Restaurant expenses. Additionally, we anticipate that estimated breakage income on gift cards will be recognized in the same pattern as gift cards are utilized. We do not expect breakage income to differ significantly on an annual basis in future years.

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 (unless otherwise noted) for the periods indicated. All information is derived from the accompanying Consolidated Statements of Comprehensive Income:

	Thirteen Week Period Ended		Thirty-Nine Week Period Ended	
	March 28, 2018	March 29, 2017	March 28, 2018	March 29, 2017
Revenues:				
Company sales	97.3 %	97.5 %	97.1 %	97.3 %
Franchise and other revenues	2.7 %	2.5 %	2.9 %	2.7 %
Total revenues	100.0 %	100.0 %	100.0 %	100.0 %
Operating costs and expenses:				
Company restaurants (excluding depreciation and amortization)				
Cost of sales [(1)]	26.2 %	25.5 %	26.1 %	25.8 %
Restaurant labor [(1)]	33.6 %	33.1 %	34.1 %	33.4 %
Restaurant expenses [(1)]	24.1 %	24.4 %	25.2 %	25.6 %
Company restaurant expenses [(1)]	83.9 %	83.0 %	85.4 %	84.8 %
Depreciation and amortization	4.6 %	4.9 %	4.9 %	5.0 %
General and administrative	4.5 %	4.4 %	4.4 %	4.4 %
Other gains and charges	0.3 %	0.8 %	1.1 %	0.6 %
Total operating costs and expenses	91.1 %	91.0 %	93.3 %	92.5 %
Operating income	8.9 %	9.0 %	6.7 %	7.5 %
Interest expense	1.7 %	1.7 %	1.8 %	1.5 %
Other, net	(0.1)%	(0.1)%	(0.1)%	0.0 %
Income before provision for income taxes	7.3 %	7.4 %	5.0 %	6.0 %
Provision for income taxes	1.5 %	2.2 %	1.5 %	1.7 %
Net income	5.8 %	5.2 %	3.5 %	4.3 %

(1) As a percentage of Company sales.

The following table details the number of restaurant openings during the respective third quarter and year-to-date periods, total restaurants open at the end of the third quarter, and total projected openings in fiscal 2018:

	Third Quarter Openings		Year-to-Date Openings		Total Open at End Of Third Quarter		Projected Openings
	Fiscal 2018	Fiscal 2017	Fiscal 2018	Fiscal 2017	Fiscal 2018	Fiscal 2017	Fiscal 2018
Company-owned restaurants:							
Chili’s domestic	1	1	5	4	940	934	5-6
Chili’s international	—	—	—	1	5	14	—
Maggiano’s	—	—	1	2	52	52	1
Total company-owned	1	1	6	7	997	1,000	6-7
Franchise restaurants:							
Chili’s domestic	1	3	5	5	314	316	5
Chili’s international	8	4	27	16	375	344	36-39
Total franchise	9	7	32	21	689	660	41-44
Total restaurants:							
Chili’s domestic	2	4	10	9	1,254	1,250	10-11
Chili’s international	8	4	27	17	380	358	36-39
Maggiano’s	—	—	1	2	52	52	1
Grand total	10	8	38	28	1,686	1,660	47-51

At March 28, 2018, we owned the land and buildings for 190 of the 997 company-owned restaurants. The net book value of the land totaled $143.2 million and the buildings totaled $90.4 million associated with these restaurants.

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, Inc., our operations, and our current operating environment. For an understanding of the significant factors that influenced our performance during the third quarters ended March 28, 2018 and March 29, 2017, the MD&A should be read in conjunction with the Consolidated Financial Statements and related Notes to the Consolidated Financial Statements 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”) and Maggiano’s Little Italy (“Maggiano’s”) restaurant brands. As of March 28, 2018, we owned, operated, or franchised 1,686 restaurants.

We are committed to strategies and initiatives that are centered on long-term sales and profit growth, enhancing the guest experience and team member engagement. These strategies are intended to differentiate our brands from the competition, reduce the costs associated with managing our restaurants and establish a strong presence for our brands in key markets around the world.

Growing sales and traffic continues to be a challenge with increasing competition and heavy discounting in the casual dining industry. We believe casual dining traffic has been negatively impacted by lower retail traffic in general. U.S. economic growth has been steady in recent years, but wage growth has been slow compared to the post-recession economic recovery. This wage pressure has challenged both casual dining restaurant operators and consumers as discretionary income available for restaurant visits has been limited. More consumers are opting to eat at home as the decline in grocery costs relative to casual dining prices allows consumers to save money. Consumers are also taking advantage of discounted fast food options which has placed additional pressure on the casual dining sector. In response to these economic factors and industry pressures, we have developed both short and long-term strategies that we believe are appropriate for all operating conditions and will provide a solid foundation for future earnings growth.

Our primary focus this year has been improving the guest traffic trend at Chili's. We have established foundational initiatives which we believe will result in improved traffic and sales. We have simplified our menu and back of house operations by reducing the number of menu items by forty percent. This initiative has improved kitchen efficiency and resulted in meals being delivered hotter and faster to our guests. During the third quarter of fiscal 2018, we continued with our investment in meatier burgers, ribs and fajitas - items Chili's has always been known for. We believe that guests are responding favorably to the simplified menu that focuses on our core equities.

The Chili's brand continues to leverage technology initiatives to create a digital guest experience that we believe will help us engage our guests more effectively. Our online ordering system expands our current capabilities and gives guests greater control of their to-go experience. Our Chili's mobile app provides the capability for digital curbside service so that guests can order, pay and notify us of their arrival through the app. We believe these investments will allow Chili's to meet the needs of our guests for more occasions. Enhancing the to-go business will allow us to and offer our guests more convenience.

We are launching a Chili's brand-wide reimage initiative which we believe will help us maintain relevance and increase long-term sales and traffic. We plan to complete the reimage of company-owned Chili's restaurants over the next three fiscal years. We believe that our reimage program is vital to maintaining the relevance of the Chili's brand. Based on our test results, we believe this investment will also provide positive returns.

We believe our value offerings remain competitive at both lunch and dinner and are committed to offering consistent, quality products at a compelling every day value. Members of the My Chili's Rewards program can now receive either a free non-alcoholic beverage or free chips and salsa appetizer every time they visit Chili's. We anticipate further developing the lunch day-part this year through menu development and operational changes that will deliver convenience and value. We continue to seek opportunities to reinforce value and create interest for the Chili's brand with new and varied offerings to further enhance sales and drive incremental traffic.

We believe that improvements at Chili's will have a significant impact on the business; however, our results will also benefit through additional contributions from Maggiano's and our global business. Maggiano's opened a restaurant in the first quarter of fiscal 2018 based on our newer prototype, which includes a flexible dining area that may be used for banquets or opened up for general seating. This prototype allows the brand to enter new markets for which the prior model was not suited, but still accommodate smaller banquets. We believe guests continue to respond well to Maggiano's brunch menu, introduced earlier in this calendar year. Maggiano's is committed to delivering high quality food and a dining experience in line with this brand's heritage.

Our global Chili's business continues to grow with locations in 31 countries and two territories outside of the United States. Our international franchisees opened 8 new restaurants this quarter toward plans to open 36-39 new restaurants this fiscal year. We also signed a development agreement with a new franchise partner to develop Chili's restaurants in the Shanghai, China region.

REVENUES

Total revenues in the third quarter of fiscal 2018 increased to $812.5 million, a 0.2% increase, from the $810.6 million generated in the third quarter of fiscal 2017 driven by an increase in Franchise and other revenues. The increase in Franchise and other revenues for the third quarter of fiscal 2018 was primarily driven by an increase in gift card related revenues and development fees. Company sales in the third quarter of fiscal 2018 remained flat compared to the third quarter in fiscal 2017 primarily due to a decrease in comparable restaurant sales and closures of underperforming restaurants, offset by an increase in Company sales due to sales generated at higher performing Chili's restaurants opened after the third quarter of fiscal 2017.

Total revenues in the year-to-date period ended March 28, 2018 were $2,318.3 million, a 0.9% decrease from the $2,340.2 million generated for the year-to-date period ended March, 29, 2017 primarily driven by a 1.2% decrease in Company sales partially offset by an increase in Franchise and other revenues. The decrease in Company sales for the year-to-date period ended March 28, 2018 was driven by a decline in comparable restaurant sales including the impact of temporary restaurant closures associated with Hurricane Harvey and Hurricane Irma in the first quarter (see table below). We estimate that Hurricanes Harvey and Irma negatively impacted Company sales by approximately $5.4 million and net income per diluted share by approximately $0.03 in the first quarter of fiscal 2018. This decrease was slightly offset by an increase in Franchise and other revenues for the year-to-date period ended March 28, 2018 due to an increase in gift card related revenues, retail royalty revenues and development fees, partially offset by a decrease in digital entertainment revenues.

	Thirteen Week Period Ended March 28, 2018				
	Comparable Sales [1]	Price Increase	Mix-Shift [2]	Traffic	Capacity
Company-owned	(0.3)%	1.2%	0.6%	(2.1)%	(0.3)%
Chili's	(0.4)%	1.1%	0.6%	(2.1)%	(0.3)%
Maggiano's	0.5 %	1.3%	0.6%	(1.4)%	0.0 %
Chili's Franchise [3]	(2.1)%				
U.S.	(3.2)%				
International	(0.2)%				
Chili's Domestic [4]	(1.1)%				
System-wide [5]	(0.8)%				

	Thirteen Week Period Ended March 29, 2017				
	Comparable Sales [1]	Price Increase	Mix-Shift [2]	Traffic	Capacity
Company-owned	(2.2)%	2.8%	1.1%	(6.1)%	0.3%
Chili's	(2.3)%	2.9%	1.0%	(6.2)%	0.2%
Maggiano's	(1.6)%	2.4%	1.4%	(5.4)%	2.0%
Chili's Franchise [3]	(2.5)%				
U.S.	0.3 %				
International	(7.1)%				
Chili's Domestic [4]	(1.7)%				
System-wide [5]	(2.3)%				

	Thirty-Nine Week Period Ended March 28, 2018				
	Comparable Sales [1]	Price Increase	Mix-Shift [2]	Traffic	Capacity
Company-owned	(1.5)%	2.0%	1.3%	(4.8)%	(0.1)%
Chili's	(1.7)%	2.0%	1.4%	(5.1)%	(0.2)%
Maggiano's	0.1 %	0.9%	0.8%	(1.6)%	1.6 %
Chili's Franchise [3]	(2.4)%				
U.S.	(2.3)%				
International	(2.6)%				
Chili's Domestic [4]	(1.9)%				
System-wide [5]	(1.8)%				

	Thirty-Nine Week Period Ended March 29, 2017				
	Comparable Sales [1]	Price Increase	Mix-Shift [2]	Traffic	Capacity
Company-owned	(2.2)%	2.1%	1.0 %	(5.3)%	0.5%
Chili's	(2.3)%	2.0%	1.3 %	(5.6)%	0.3%
Maggiano's	(1.0)%	2.4%	(0.2)%	(3.2)%	3.0%
Chili's Franchise [3]	(2.2)%				
U.S.	(1.4)%				
International	(3.5)%				
Chili's Domestic [4]	(2.1)%				
System-wide [5]	(2.2)%				

(1) Comparable restaurant sales include all restaurants that have been in operation for more than 18 months. Restaurants temporarily closed for 14 days or more are excluded from comparable restaurant sales.

(2) Mix-shift is calculated as the year-over-year percentage change in Company sales resulting from the change in menu items ordered by guests.

(3) Revenues generated by franchisees are not included in revenues on the consolidated statements of comprehensive income; however, we generate royalty revenues and advertising fees based on franchisee sales, where applicable. We believe including franchise comparable restaurant sales provides investors information regarding brand performance that is relevant to current operations and may impact future restaurant development.

(4) Chili's domestic comparable restaurant sales percentages are derived from sales generated by company-owned and franchise-operated Chili's restaurants in the United States.

(5) System-wide comparable restaurant sales are derived from sales generated by company-owned Chili's and Maggiano's restaurants in addition to the sales generated at franchise-operated Chili's restaurants.

Chili's Company sales decreased 0.1% to $688.9 million in the third quarter of fiscal 2018 from $689.7 million in the third quarter of fiscal 2017 primarily due to a decline in comparable restaurant sales and underperforming Chili's restaurants closed after the third quarter of fiscal 2017, partially offset by an increase due to sales generated at higher performing Chili's restaurants opened since the third quarter of fiscal 2017. For the year-to-date period, Chili's Company sales decreased 1.5% to $1,940.1 million in fiscal 2018 from $1,970.4 million in fiscal 2017 primarily due to a decline in comparable restaurant sales including the impact of temporary restaurant closures associated with Hurricanes Harvey and Irma in the first quarter of fiscal 2018. Chili's comparable restaurant sales decreased 0.4% and 1.7% for the third quarter and year-to-date periods of fiscal 2018, respectively, compared to the prior year periods. Chili's company-owned restaurant capacity decreased 0.3% and 0.2% for the third quarter and year-to-date periods of fiscal 2018, respectively, compared to the prior year periods due to two net restaurant closures since the third quarter of fiscal 2017.

Maggiano's Company sales increased 0.6% to $101.6 million in the third quarter of fiscal 2018 from $101.0 million in the third quarter of fiscal 2017 primarily due to an increase in comparable restaurant sales. For the year-to-date period, Maggiano's Company sales increased 1.2% to $310.0 million in fiscal 2018 from $306.4 million in fiscal 2017 primarily driven by an increase in restaurant capacity and comparable restaurant sales, partially offset by the impact of temporary restaurant closures associated with Hurricanes Harvey and Irma in the first quarter of fiscal 2018. Maggiano's capacity remained flat for the third quarter of fiscal 2018 compared to the third quarter of fiscal 2017. Maggiano's capacity increased 1.6% for the year-to-date period of fiscal 2018 compared to the prior year periods due to one net restaurant opening. Comparable restaurant sales increased 0.5% for the third quarter and increased 0.1% for the year-to-date period of fiscal 2018, respectively, compared to the prior year periods.

Franchise and other revenues increased 10.1% to $22.0 million in the third quarter of fiscal 2018 compared to $20.0 million in the third quarter of fiscal 2017. For the year-to-date period, Franchise and other revenues increased 7.5% to $68.2 million in fiscal 2018 from $63.4 million in fiscal 2017. The increases were primarily driven by an increase in gift card related revenues and development fee revenues. Our franchisees generated approximately $337.0 million and $980.9 million in sales for the third quarter and year-to-date periods of fiscal 2018, respectively.

COSTS AND EXPENSES

Cost of sales, as a percent of Company sales, increased to 26.2% for the third quarter and 26.1% for the year-to-date periods of fiscal 2018 from 25.5% and 25.8% for the respective fiscal 2017 periods. Cost of sales, as a percent of Company sales, was negatively impacted primarily by unfavorable menu item mix related to beef and chicken, and unfavorable commodity pricing related to produce, partially offset by increased menu pricing and favorable commodity pricing related to beef.

Restaurant labor, as a percent of Company sales, increased to 33.6% for the third quarter and 34.1% for the year-to-date periods of fiscal 2018 from 33.1% and 33.4% for the respective fiscal 2017 periods primarily due to higher wage rates and unfavorable employee health insurance expenses, partially offset by lower incentive bonuses. The year-to-date period was also negatively impacted by sales deleverage due to a decline in year-to-date comparable restaurant sales.

Restaurant expenses, as a percent of Company sales, decreased to 24.1% for the third quarter of fiscal 2018 from 24.4% for the third quarter of fiscal 2017 primarily due to lower operating lease expenses related to the change in classification of a technology-related lease, lower advertising and marketing related expenses, and lower supervision related expenses from organizational changes implemented in the third quarter of fiscal 2017, partially offset by an increase in repairs and maintenance expenses. Restaurant expenses, as a percent of Company sales, decreased to 25.2% for the year-to-date period of fiscal 2018 from

25.6% for the same fiscal 2017 period primarily due to lower operating lease expenses related to the change in classification of a technology-related lease, lower advertising and marketing related expenses, lower supervision related expenses from organizational changes implemented in the third quarter of fiscal 2017 and reduced repairs and maintenance expenses.

Depreciation and amortization expense decreased $1.8 million and $3.8 million for the third quarter and year-to-date periods of fiscal 2018, respectively, compared to the same periods in fiscal 2017 primarily due to an increase in fully depreciated assets and restaurant closures, partially offset by depreciation on asset replacements, new restaurant openings and increase in technology-related capital lease depreciation.

General and administrative expense increased approximately $0.7 million for the third quarter of fiscal 2018 compared to the same fiscal 2017 period primarily due to higher performance-based compensation expense. General and administrative expenses remained flat for the year-to-date period of fiscal 2018 compared to the same period of fiscal 2017 primarily due to higher performance-based compensation expense offset by lower stock-compensation and payroll expenses.

Other gains and charges in the third quarter of fiscal 2018 were $2.8 million. We recorded restaurant closure expense of $2.8 million primarily related to leases for which we are the primary lessee that were sublet to a divested brand that discontinued sublease rental payments and closed the restaurants. Restaurant closure expenses also include additional lease expenses and other costs associated with Chili's closed restaurants. In addition, we recorded lease guarantee expense of $0.5 million related to leases that were assigned to a divested brand that is currently in bankruptcy proceedings, for which we are secondarily liable. During the first six months of fiscal 2018, Other gains and charges were $22.4 million. We recorded restaurant impairment charges of $9.1 million related to nine underperforming Chili's restaurants located in Alberta, Canada which were closed in the second quarter of fiscal 2018 as well as certain underperforming Chili's and Maggiano's which will continue to operate. Additionally, we incurred expenses of $5.2 million associated with Hurricanes Harvey and Irma primarily related to employee relief payments and inventory spoilage. We recorded restaurant closure charges of $4.5 million primarily related to lease termination charges and other costs associated with the closure of the nine underperforming Chili's restaurants located in Canada. In addition, we recorded lease guarantee charges of $1.4 million related to leases that were assigned to a divested brand that is currently in bankruptcy proceedings, for which we are secondarily liable.

Other gains and charges in the third quarter of fiscal 2017 were $6.6 million. We incurred $5.9 million in severance and other benefits related to organizational changes to better align our staffing with the current management strategy and resource needs. Additionally, we recorded closure charges of $0.8 million primarily related to additional lease and other costs associated with closed restaurants. During the first six months of fiscal 2017, Other gains and charges were $7.4 million. We recorded $2.7 million of professional fees and severance associated with the information technology restructuring and restaurant closure charges of $2.8 million primarily related to lease termination charges for restaurants closed during the first six months of fiscal 2017. Furthermore, restaurant impairment charges of $1.9 million were recorded related to the long-lived assets and reacquired franchise rights of six underperforming Chili's restaurants. These charges are partially offset by a $2.6 million gain on the sale of property.

Interest expense increased approximately $0.9 million for the third quarter of fiscal 2018 compared to the third quarter of fiscal 2017 due to higher interest rates. Interest expense increased $6.6 million for the year-to-date period of fiscal 2018 compared to the same fiscal 2017 period primarily due to higher average borrowing balances and higher interest rates.

SEGMENT RESULTS

Chili's revenues increased 0.2% to $706.1 million in the third quarter of fiscal 2018 from $704.9 million in the prior year primarily driven by an increase in Chili's Franchise and other revenues related to increased gift card related revenues and development fees. Chili's Company sales in the third quarter of fiscal 2018 decreased 0.1% compared to the third quarter in fiscal 2017 primarily due to a decrease in comparable restaurant sales and closures of underperforming restaurants, offset by an increase due to sales generated at higher performing Chili's restaurants opened after the third quarter of fiscal 2017. Chili's operating income, as a percent of total revenues, was 13.0% for the third quarter of fiscal 2018 compared to 13.4% for the prior year period. The decrease was primarily driven by unfavorable product mix, higher restaurant labor wage rates and increased employee health insurance expenses. These increases were partially offset by increased menu pricing, lower advertising and marketing related expenses, lower incentive bonus and repairs and maintenance expenses. The increase in Chili's operating income was also due to the impact of severance and other benefits related to organizational changes incurred in the third quarter of fiscal 2017.

For the year-to-date period, Chili's revenues decreased 1.3% to $1,992.1 million from $2,017.8 million in the prior year period. The decrease was primarily due to a decline in comparable restaurant sales including the impact of temporary restaurant closures associated with Hurricanes Harvey and Irma in the first quarter of fiscal 2018. Chili's operating income, as a percent of total revenues, was 10.2% for the year-to-date period of fiscal 2018 compared to 11.1% for the respective prior year period. The decrease was primarily driven by sales deleverage, unfavorable menu item mix and commodity pricing and higher restaurant labor wage rates, partially offset by increased menu pricing and lower advertising and repairs and maintenance expenses. The decrease in Chili's operating income was also due to impairment charges for underperforming restaurants, restaurant closure charges and hurricane-related expenses, partially offset by the impact of severance and other benefits related to organizational changes incurred in the third quarter of fiscal 2017.

Maggiano's revenues increased 0.7% to $106.5 million in the third quarter of fiscal 2018 from $105.8 million in the prior year primarily due to an increase in comparable restaurant sales. Maggiano's operating income, as a percent of total revenues, was 10.4% for the third quarter of fiscal 2018 compared to 9.1% for the prior year period. The increase was primarily driven by sales leverage, labor efficiencies, favorable menu item mix and increased menu pricing. The increase in Maggiano's operating income was also due to lower property taxes and restaurant opening expenses, partially offset by higher restaurant labor wage rates, unfavorable commodity pricing and increased repairs and maintenance expenses.

For the year-to-date period, Maggiano's revenues increased 1.2% to $326.3 million from $322.4 million in the prior year. The increase was primarily due to an increase in restaurant capacity and comparable restaurant sales, partially offset by the impact of temporary restaurant closures associated with Hurricanes Harvey and Irma in the first quarter of fiscal 2018. Maggiano's operating income, as a percent of total revenues, was 11.1% for the year-to-date period of fiscal 2018 compared to 10.1% for the respective prior year period. The increase was primarily driven by sales leverage, lower incentive bonuses and increased menu pricing. The increase in Maggiano's operating income was also due to lower workers' compensation insurance and restaurant opening expenses, partially offset by higher restaurant labor wage rates and unfavorable commodity pricing and menu item mix.

INCOME TAXES

The Tax Cuts and Jobs Act of 2017 (the "Tax Act") was enacted on December 22, 2017 with an effective date of January 1, 2018. The enactment date occurred prior to the end of the second quarter of fiscal 2018 and therefore the federal statutory tax rate changes stipulated by the Tax Act were reflected in the second quarter. The Tax Act lowered the federal statutory tax rate from 35.0% to 21.0% effective January 1, 2018. Our federal statutory tax rate for fiscal 2018 is now 28.1%, representing a blended tax rate for the current fiscal year based on the number of days in the fiscal year before and after the effective date. For subsequent years, our federal statutory tax rate will be 21.0%. In accordance with ASC 740, we re-measured our deferred tax accounts as of the enactment date using the new federal statutory tax rate and recognized the change as a discrete item in the Provision for income taxes. For the thirty-nine week period ended March 28, 2018, the adjustment was $8.4 million, this changed slightly from the prior quarter due to revised full year estimates for changes in our net deferred tax balance. Our accumulated foreign earnings and profits are in a loss position and therefore no taxes are applicable related to a deemed repatriation.

The effective income tax rate decreased to 20.4% and 28.7% for the third quarter and year-to-date periods of fiscal 2018 compared to 28.9% and 28.8% in the prior year comparable periods. The majority of this decrease was due to the federal statutory tax rate changes stipulated by the Tax Act. The lower federal statutory tax rate will have a material positive impact on the Company's effective tax rate and cash paid for income taxes.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

Cash Flows from Operating Activities

During the thirty-nine week period ended March 28, 2018, Net cash provided by operating activities was $237.7 million compared to $245.7 million in the same fiscal 2017 period primarily due to lower earnings in fiscal 2018, partially offset by lower tax payments.

Cash Flows from Investing Activities

	Thirty-Nine Week Period Ended	
	March 28, 2018	March 29, 2017
Net cash used in investing activities (in thousands):		
Payments for property and equipment	$ (69,503)	$ (79,730)
Proceeds from sale of assets	14,825	3,077
Insurance recoveries	1,747	—
Proceeds from note receivable	1,185	—
	$ (51,746)	$ (76,653)

Capital expenditures decreased to $69.5 million for the thirty-nine week period ended March 28, 2018 compared to $79.7 million for the same fiscal 2017 period primarily due to the prior year increase in purchases for new beer taps for the line of craft beers launched in fiscal 2017.

Proceeds from sale of assets during the thirty-nine week period ended March 28, 2018 includes $13.7 million of net cash proceeds related to the sale of the portion of our current corporate headquarters property that we owned. We will continue to occupy the current headquarters until our new corporate headquarters is available during fiscal 2019 or until March 31, 2019.

Insurance recoveries during the thirty-nine week period ended March 28, 2018 includes $1.0 million of insurance proceeds received in the second quarter of fiscal 2018 related to Hurricane Harvey property claims and an additional $0.7 million received in the third quarter of fiscal 2018 related to insurance claims on property damages from natural disaster flooding in Louisiana.

Cash Flows from Financing Activities

	Thirty-Nine Week Period Ended	
	March 28, 2018	March 29, 2017
Net cash used in financing activities (in thousands):		
Borrowings on revolving credit facility	$ 524,000	$ 200,000
Payments on revolving credit facility	(484,000)	(328,000)
Purchases of treasury stock	(162,004)	(350,768)
Payments of dividends	(53,098)	(54,087)
Payments on long-term debt	(7,834)	(2,847)
Proceeds from issuances of treasury stock	1,316	4,505
Proceeds from issuance of long-term debt	—	350,000
Payments for debt issuance costs	—	(10,216)
	$ (181,620)	$ (191,413)

Net cash used in financing activities for the thirty-nine week period ended March 28, 2018 decreased to $181.6 million from $191.4 million in the same fiscal 2017 period primarily due to a decrease in spending on share repurchases, increased proceeds from net borrowing activity on the revolver, partially offset by prior year proceeds from the issuance of long-term debt.

During the thirty-nine week period ended March 28, 2018, we repurchased approximately 4.8 million shares of our common stock for $162.0 million. The repurchased shares included shares purchased as part of our share repurchase program and shares repurchased to satisfy team member tax withholding obligations on the vesting of restricted shares.

During the thirty-nine week period ended March 28, 2018, net borrowings of $40.0 million were drawn on the $1.0 billion revolving credit facility primarily to fund share repurchases. As of March 28, 2018, $432.3 million was outstanding under the revolving credit facility. Subsequent to the end of the quarter, net borrowings of $26.0 million were drawn on the revolving credit facility.

Obligations under our $250.0 million 2.60% notes, which will mature in May 2018, have been classified as long-term, reflecting our intention to pay off these notes through our existing revolving credit facility.

Under the revolving credit facility, the maturity date for $890.0 million of the facility is September 12, 2021, and the remaining $110.0 million is due on March 12, 2020. The revolving credit facility bears interest of LIBOR plus an applicable margin, which is a function of our credit rating and debt to cash flow ratio, but is subject to a maximum of LIBOR plus 2.00%. Based on our current credit rating, we are paying interest at a rate of LIBOR plus 1.38% for a total of 3.27%. One month LIBOR at March 28, 2018 was approximately 1.89%. As of March 28, 2018, $567.8 million of credit is available under the revolving credit facility. As of March 28, 2018, we were in compliance with all financial debt covenants.

Subsequent to the end of the quarter, an amendment to the revolving credit facility was executed. This amendment was executed to provide the ability to execute certain sale-leaseback transactions and to increase the restricted payment capacity. Please see further details at Part II, Item 5.

As of March 28, 2018, our credit rating by Standard and Poor's ("S&P") was BB+ and our Corporate Family Rating by Moody's was Ba1, all with a stable outlook. Our goal is to maintain strong free cash flow to support leverage that we believe is appropriate to allow ongoing investment in the business and return of capital to shareholders.

During the thirty-nine week period ended March 28, 2018, we paid dividends of $53.1 million to common stock shareholders, compared to $54.1 million in the same period of fiscal 2017. Additionally, our Board of Directors approved a 12% increase in the quarterly dividend from $0.34 to $0.38 per share effective with the dividend declared in August 2017. We also declared a quarterly dividend in February 2018, which was paid on March 29, 2018 in the amount of $16.8 million. The dividend accrual was included in Other accrued liabilities on our Consolidated Balance Sheets as of March 28, 2018. Subsequent to the end of the quarter, our Board of Directors declared a quarterly dividend of $0.38 per share to be paid on June 28, 2018.

In August 2017, our Board of Directors authorized a $250.0 million increase to our existing share repurchase program resulting in total authorizations of $4.6 billion. As of March 28, 2018, approximately $204.7 million was available under our share repurchase authorizations. 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. Repurchased common stock is reflected as an increase in treasury stock within shareholders' deficit.

Cash Flow Outlook

We believe that our various sources of capital, including future 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. We periodically evaluate ways to monetize the value of our owned real estate and should alternatives become available that are more cost effective than our financing options currently available we will consider execution of those alternatives.

OFF-BALANCE SHEET ARRANGEMENTS

We have obligations for guarantees on certain lease agreements and letters of credit as disclosed in Note 11 - Contingencies, in our consolidated financial statements in Part I, Item 1 of this Form 10-Q. Other than these items, we did not have any off-balance sheet arrangements.

RECENT ACCOUNTING PRONOUNCEMENTS

In February 2018, the FASB issued ASU 2018-01, Leases (Topic 842): Lease Easement Practical Expedient for Transition to Topic 842. This update provides a practical expedient for existing or expired land easements that were not previously accounted for in accordance with ASC 840. The practical expedient would allow entities to elect not to assess whether those land easements are, or contain, leases in accordance with ASC 842 when transitioning to the new leasing standard. The ASU clarifies that land easements entered into (or existing land easements modified) on or after the effective date of the new leasing standard must be assessed under ASC 842. We are in the process of evaluating the full impact that adoption of the new leasing standard and this land easement practical expedient guidance will have on our consolidated financial statements, see further details as described below in the ASU 2016-02 update.

In January 2017, the FASB issued ASU 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. This update eliminates step two of the goodwill impairment analysis. Companies will no longer be required to perform a hypothetical purchase price allocation to measure goodwill impairment. Instead, they will measure impairment as the difference between the carrying amount and the fair value of the reporting unit not to exceed the carrying amount of goodwill.

This update is effective for annual and interim periods for fiscal years beginning after December 15, 2019, which will require us to adopt these provisions in the first quarter of fiscal 2021. Early adoption is permitted for interim or annual goodwill impairment tests performed with measurement dates after January 1, 2017. The update will be applied on a prospective basis. We do not expect the adoption of this guidance to have any impact on our consolidated financial statements as the fair value of our reporting units is substantially in excess of the carrying values.

In August 2016, the FASB issued ASU 2016-15, Classification of Certain Cash Receipts and Cash Payments (Topic 230). This update provides clarification regarding how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. This update is effective for annual and interim periods for fiscal years beginning after December 15, 2017, which will require us to adopt these provisions in the first quarter of fiscal 2019. Early adoption is permitted for financial statements that have not been previously issued. The update will be applied on a retrospective basis. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements or debt covenants.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This update requires a lessee to recognize on the balance sheet a liability to make lease payments and a corresponding right-of-use asset for virtually all leases, other than leases with a term of 12 months or less. The update also requires additional disclosures about the amount, timing, and uncertainty of cash flows arising from leases. This update is effective for annual and interim periods for fiscal years beginning after December 15, 2018, which will require us to adopt these provisions in the first quarter of fiscal 2020. Early adoption is permitted for financial statements that have not been previously issued. This update will be applied on a modified retrospective basis. We anticipate implementing the standard by taking advantage of the practical expedient option. The discounted minimum remaining rental payments will be the starting point for determining the right-of-use asset and lease liability. We had operating leases with remaining rental payments of approximately $606.9 million at the end of fiscal 2017. We expect that adoption of the new guidance will have a material impact on our consolidated balance sheets due to recognition of the right-of-use asset and lease liability related to our current operating leases. We are continuing to evaluate the effect the new guidance will have on our consolidated financial statements and related disclosures.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The FASB has subsequently amended this update by issuing additional ASU's that provide clarification and further guidance around areas identified as potential implementation issues. These updates provide a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. These updates also require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. In August 2015, the FASB issued ASU 2015-14 delaying the effective date of adoption. These updates are now effective for annual and interim periods for fiscal years beginning after December 15, 2017, which will require us to adopt these provisions in the first quarter of fiscal 2019. Early application in fiscal 2018 is permitted. These updates permit the use of either the retrospective or cumulative effect transition method. We currently expect to apply the cumulative effect transition method. We do not believe these updates will impact our recognition of revenue from sales generated at company-owned restaurants or recognition from royalty fees from our franchisees, which are our primary sources of revenue. We have performed a preliminary analysis of the impact of the new revenue recognition guidance and developed a comprehensive plan for the implementation. The plan includes analyzing the impact on our current revenue streams, comparing our historical accounting policies to the new guidance, and identifying potential differences from applying the requirements of the new guidance to our contracts. Under current accounting guidance, we recognize initial franchise fees when we have performed all material obligations and services, which generally occurs when the franchised restaurant opens. Under the new guidance, we anticipate deferring the initial franchise fees and recognizing revenue over the term of the related franchise agreement. We anticipate the new guidance will also change our reporting of advertising fund contributions from franchisees and the related advertising expenditures, which are currently reported on a net basis in our Consolidated Statements of Comprehensive Income within Restaurant expenses. Under the current guidance, advertising fund contributions received may not equal advertising expenditures for the period due to timing of promotions. To the extent that contributions received are different from advertising expenditures, the net difference is treated on the Consolidated Balance Sheets within Accounts payable. Under the new guidance, we anticipate advertising fund contributions from franchisees will be reported on a gross basis within Franchise and other revenues on the Consolidated Statements of Comprehensive Income, and the related advertising expenses will continue to be reported within Restaurant expenses. Additionally, we anticipate that estimated breakage income on gift cards will be recognized in the same pattern as gift cards are utilized. We do not expect breakage income to differ significantly on an annual basis in future years.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our quantitative and qualitative market risks set forth in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the year ended June 28, 2017.

ITEM 4. CONTROLS AND PROCEDURES

Based on their evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934), 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 were not effective due to the material weakness in the internal controls described below.

Previously Identified Material Weakness

In connection with the preparation of the consolidated financial statements for the year ended June 28, 2017, we identified and assessed a material weakness relating to the accuracy of the deferred income tax liability, primarily related to property and equipment, as a result of immaterial errors in prior years. We have executed a remediation plan including the design and implementation of new internal controls in an effort to remediate the material weakness described below. The new controls are performed quarterly and we have tested one instance as of March 28, 2018. Given the fact that these new internal controls have not been fully tested, we concluded that the material weakness was not completely remediated as of March 28, 2018. We believe that once our testing is completed in connection with the performance of the controls during the year-end close process, the material weakness will be remediated.

In light of the material weakness related to internal controls over income tax reporting, we designed and performed supplemental procedures prior to filing this quarterly report on Form 10-Q including the execution of the new internal controls. These additional procedures allow us to conclude that, notwithstanding the material weakness in our internal control over financial reporting, the consolidated financial statements included in this report fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with accounting principles generally accepted in the United States of America.

Remediation

The Company is committed to remediating the material weakness identified in our Annual Report on Form 10-K for the year ended June 28, 2017, related to the accuracy of the deferred tax liability primarily associated with property and equipment. We have executed a remediation plan and have made changes in our financial reporting processes and related internal controls to address the material weakness in internal control over financial reporting. Specifically, we continue to implement and monitor the following actions to accumulate adequate evidence over a reasonable period of time to determine that new or modified processes, procedures, controls and oversight relating to such controls are operating effectively:

- The Company has engaged external tax advisers to assist with the design and implementation of the remediation plan that will enhance internal control over financial reporting for income taxes;
- The Company has implemented new reporting processes and system improvements in our tax department that simplify and improve manual reconciliation controls and will allow us to more effectively train tax department personnel; and
- Ensuring that tax department personnel effectively collaborate with financial reporting and other key departments to gain a better understanding of the information, analysis, and documentation necessary for the accurate presentation of deferred income taxes.

Management has implemented key internal controls as of March 28, 2018, to remediate the material weakness. The testing effort to assess the design and operating effectiveness of the controls will be completed during the year-end close process and Management believes the material weakness will be fully remediated prior to the filing of our Annual Report on Form 10-K for fiscal 2018.

Changes in Internal Control over Financial Reporting

Except for the Company's identification, assessment and development of a remediation plan of the material weakness described above, there were no changes in our internal control over financial reporting during our third quarter ended March 28, 2018, 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, and investing in our securities involves a degree of risk. Information and statements contained in this Form 10-Q, in our other filings with the SEC or in our written and verbal communications that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. 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. Forward-looking statements are based on our current plans and expectations and involve risks and uncertainties that could cause actual results to differ materially from our historical results or from those projected in forward-looking statements. These risks and uncertainties are, in many instances, beyond our control. We wish to caution you against placing undue reliance on forward-looking statements because of these risks and uncertainties. Except as required by law, we expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Our forward-looking statements are subject to the risks and uncertainties described in Part I, Item IA “Risk Factors” in our Annual Report on Form 10-K for the year ended June 28, 2017, and below in Part II, Item 1A “Risk Factors” in this report on Form 10-Q, as well as the risks and uncertainties that generally apply to all businesses. Additional risks and uncertainties that are currently not known or believed by us to be immaterial may also have a material negative impact on our business, financial condition and results of operations. In any such event, the trading price of our securities could decline, and you could lose all or part of your investment. We further caution that it is not possible to identify all such factors, and you should not consider the identified factors as a complete list of all risks and uncertainties. The risks related to our business include:

- The effect of competition on our operations and financial results.
- Changes in consumer preferences may decrease demand for food at our restaurants.
- Food safety incidents at our restaurants or in our industry or supply chain may adversely affect customer perception of our brands or industry and result in declines in sales and profits.
- Global and domestic economic conditions may negatively impact consumer discretionary spending and could have a materially negative affect on our financial performance.
- Unfavorable publicity relating to one or more of our company-owned or franchised restaurants in a particular brand that may taint public perception of the brand.
- Employment and labor laws and regulations may increase the cost of labor for our restaurants.
- The effect of governmental regulation on our ability to maintain our existing and future operations and to open new restaurants.
- Increased costs and/or reduced revenues from shortages or interruptions in the availability and delivery of food and other supplies.
- The effect of the implementation of the Tax Cuts and Jobs Act of 2017 on our consolidated financial statements.
- Our ability to consummate successful strategic transactions that are important to our future growth and profitability.
- Our inability to meet our business strategy plan and the impact on our profitability in the future.
- Loss of key management personnel could hurt our business and limit our ability to operate and grow successfully.
- Failure to recruit, train and retain high-quality restaurant management and team members may result in lower guest satisfaction and lower sales and profitability.
- The impact of slow economic growth on our landlords or other tenants in retail centers in which we or our franchisees are located, which in turn could negatively affect our financial results.
- The success of our franchisees to our future growth.
- Downgrades in our credit ratings could impact our ability to access capital and materially adversely affect our business, financial condition and results of operations.
- Inflation and fluctuation in energy costs may increase our operating expenses.

- The general decrease in sales volumes during winter months.
- Failure to recognize, respond to and effectively manage the accelerated impact of social media could adversely impact our business.
- Litigation could have a material adverse impact on our business and our financial performance.
- Dependence on information technology and any material failure in the operation or security of that technology or our ability to execute a comprehensive business continuity plan could impair our ability to efficiently operate our business.
- Failure to protect the integrity and security of individually identifiable data of our guests and teammates and confidential and proprietary information of the Company could expose us to litigation and damage our reputation.
- Failure to protect our service marks and intellectual property could harm our business.
- Outsourcing of certain business processes to third-party vendors that subject us to risk, including disruptions in business and increased costs.
- Disruptions in the global financial markets may affect our business plan by adversely impacting the availability and cost of credit.
- The large number of company-owned restaurants concentrated in Texas, Florida and California makes us susceptible to changes in economic and other trends in those regions.
- Declines in the market price of our common stock or changes in other circumstances that may indicate an impairment of goodwill possibly adversely affecting our financial position and results of operations.
- Changes to estimates related to our property and equipment or operating results that are lower than our current estimates at certain restaurant locations, possibly causing us to incur impairment charges on certain long-lived assets.
- Failure to achieve and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and operating results.
- Failure to achieve our target for growth in total return to shareholders may adversely affect our stock price.
- Our business and operation could be negatively affected if we become subject to any securities litigation or shareholder activism, which could cause us to incur significant expense, hinder execution of investment strategy and impact our stock price.
- Other risk factors that could cause our actual results to differ materially from those indicated in the forward-looking statements by affecting, among many things, pricing, consumer spending, consumer confidence, and operating costs, include, without limitation, changes in financial and credit markets (including rising interest rates); increases in costs of food commodities; increases in fuel costs and availability for our team members, customers and suppliers; increases in utility and energy costs on regional or national levels; increases in health care costs; health epidemics or pandemics or the prospects of these events; changes in consumer behaviors; changes in demographic trends; labor shortages and availability of employees; union organization; strikes; terrorist acts; energy shortages and rolling blackouts; and weather (including major hurricanes and regional winter storms) and other acts of God.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information regarding legal proceedings is incorporated by reference from Note 11 - Contingencies to our unaudited consolidated financial statements set forth in Part I, Item 1, of this report.

ITEM 1A. RISK FACTORS

There have been no material changes 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 28, 2017.

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 business, financial condition or results of 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 2018 are as follows (in thousands, except share and per share amounts):

	Total Number of Shares Purchased [(1)]	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 28, 2017 through January 31, 2018	—	$ —	—	$ 294,931
February 1, 2018 through February 28, 2018	1,481,557	$ 35.23	1,480,920	$ 242,730
March 1, 2018 through March 28, 2018	1,034,778	$ 36.69	1,034,778	$ 204,741
	2,516,335	$ 35.83	2,515,698	

(1) These amounts include shares purchased as part of our publicly announced programs and shares owned and tendered by team members 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 team members 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. During the third quarter of fiscal 2018, 637 shares were tendered by team members at an average price of $36.35.

ITEM 5. OTHER INFORMATION

Brinker International, Inc. (the “Company”) and its wholly-owned subsidiaries, Brinker Restaurant Corporation (“BRC”), Brinker Texas, Inc. (“Brinker Texas”), and Brinker Florida, Inc. (“Brinker Florida”), each as a guarantor, entered into a Third Amendment to Credit Agreement (the “Third Amendment”) dated as of April 30, 2018 (the “Effective Date”), which amends its Credit Agreement dated as of March 12, 2015 (as heretofore amended, the “Existing Credit Agreement;” the Existing Credit Agreement as amended by the Third Amendment, the “Amended Credit Agreement”) with a group of banks for which Bank of America, N.A. is acting as administrative agent (the “Administrative Agent”). Capitalized terms not defined in this description shall have the meanings given them in the Existing Credit Agreement.

The Credit Agreement dated as of March 12, 2015 was more specifically described in Item 1.01 of the Company’s Current Report on Form 8-K, filed March 12, 2015, and the Existing Credit Agreement was more specifically described in Item 1.01 of the Company’s Current Report on Form 8-K, filed September 13, 2016, both of which descriptions are incorporated by reference.

The Third Amendment allows the Company to consummate up to an aggregate of approximately $450,000,000 in Sale-Leaseback Transactions after the Effective Date. In addition, the Third Amendment limits the Company’s regularly scheduled, board approved dividend payments to $82,500,000 per year, but otherwise also allows the Company to make additional dividends and stock repurchases in an aggregate lifetime amount of up to $250,000,000. The Third Amendment also requires that Brinker International Payroll Company, L.P., another wholly-owned subsidiary of the Company, become a guarantor of the Company's obligations under the Amended Credit Agreement and further requires that the Company and all guarantors of the Amended Credit Agreement grant a security interest in their accounts receivable, inventory and related restaurant supplies in favor of Bank of America, N.A., as the Administrative Agent under the Amended Credit Agreement, for the benefit of the various secured parties referenced in the Amended Credit Agreement.

The foregoing is only a summary and it is qualified in its entirety by the specific terms of the Third Amendment attached as Exhibit 10 to this Form 10-Q and incorporated herein by reference. Several of the banks party to the Amended Credit Agreement provide various other banking services to the Company.

ITEM 6. EXHIBITS

10	Third Amendment to Credit Agreement dated April 30, 2018, by and among the Company and its wholly-owned subsidiaries, Brinker Restaurant Corporation, Brinker Florida, Inc., Brinker Texas, Inc., Bank of America, N.A., JPMorgan Chase Bank, N.A., Wells Fargo Bank, N.A., MUFG Bank, Ltd., SunTrust Bank, U.S. Bank National Association, Barclays Bank PLC, Regions Bank, Compass Bank, and Associated Bank National Association.
31(a)	Certification by Wyman T. Roberts, 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 Joseph G. Taylor, Senior 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 Wyman T. Roberts, 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 Joseph G. Taylor, Senior 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.
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase

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, 2018	By:	/s/ Wyman T. Roberts
		Wyman T. Roberts, President and Chief Executive Officer (Principal Executive Officer)
Date: May 4, 2018	By:	/s/ Joseph G. Taylor
		Joseph G. Taylor Senior Vice President and Chief Financial Officer (Principal Financial Officer)

EXHIBIT 10

THIRD AMENDMENT TO CREDIT AGREEMENT

Dated as of April 30, 2018

This THIRD AMENDMENT TO CREDIT AGREEMENT (this "Amendment"; capitalized terms used herein without definition having the meanings provided in Section 1 hereof) is between BRINKER INTERNATIONAL, INC., a Delaware corporation (the "Borrower"), BRINKER RESTAURANT CORPORATION, a Virginia corporation ("Brinker Restaurant'), BRINKER FLORIDA, INC., a Virginia corporation ("Brinker Florida"), BRINKER TEXAS, INC., a Virginia corporation ("Brinker Texas"), as Guarantors, the Existing Banks party hereto and BANK OF AMERICA, N.A., a national banking association, as administrative agent for the Banks (in such capacity, the "Administrative Agent").

RECITALS:

WHEREAS, the Borrower, the Guarantors, the Banks party thereto (the "Existing Banks") and Bank of America, N.A., as administrative agent, entered into that certain Credit Agreement dated as of March 12, 2015 (as amended, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement"); and

WHEREAS, the Borrower has requested that the Administrative Agent and the Banks agree to amend the Existing Credit Agreement as specifically set forth herein, and the Administrative Agent and the Banks party to this Amendment (the " Consenting Banks") are, on the terms and conditions contained in this Amendment, willing to grant such request and to amend the Existing Credit Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Definitions and other Interpretive Provisions.

(a) Definitions. The following terms (whether or not underscored) when used in this Amendment, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

"Administrative Agent" is defined in the preamble.

"Amendment" is defined in the preamble.

"Borrower" is defined in the preamble.

"Brinker Florida" is defined in the preamble.

"Brinker Texas" is defined in the preamble.

"Consenting Banks" is defined in the recitals.

"Credit Agreement" means the Existing Credit Agreement, as amended by this Amendment as the same may hereafter be further amended, amended and restated, supplemented or otherwise modified.

"Existing Banks" is defined in the recitals.

"Existing Credit Agreement" is defined in the recitals.

"Third Amendment Effective Date" means the date on which the conditions precedent to the effectiveness of this Amendment as specified in Section 3 herein have been satisfied.

(b) Other Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Amendment, including its preamble and recitals, have the meanings provided in the Credit Agreement.

(c) Other Interpretive Provisions. The rules of construction in Sections 1.02 through 1.05 of the Credit Agreement shall be equally applicable to this Amendment.

Section 2. Amendments.

(a) Section 1.01 of the Existing Credit Agreement. Section 1.01 of the Existing Credit Agreement is hereby amended by adding the following new definitions in proper alphabetical order:

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in Section 4975 of the Code or (c) any Person whose assets include "plan assets," as defined by Section 3(42) of ERISA, of any such "employee benefit plan" or "plan".

"Cash Management Agreement" means any agreement to provide cash management services, including treasury, depository, overdraft, credit or debit card, electronic funds transfer and other cash management arrangements.

"Cash Management Bank" means any Person that either (a) at the time it enters into a Cash Management Agreement, is the Administrative Agent, an Affiliate of the Administrative Agent, a Bank or an Affiliate of a Bank or (b) is a party to a Cash Management Agreement at the time it (or its applicable Affiliate) becomes a Bank (either on the Third Amendment Effective Date, prior to, or thereafter as an Eligible Assignee), or (c) prior to the time such Person became a Bank, an Affiliate of a Bank, Administrative Agent or an Affiliate thereof, such Person entered into a Cash Management Agreement that was in effect on the Effective Date, in each case in its capacity as a party to such Cash Management Agreement.

"Collateral" means

(a) all accounts (as defined in the UCC);

(b) all inventory (as defined in the UCC) and all restaurant supplies;

(c) all books and records relating to any of the foregoing (including, to the extent relating to the foregoing, customer data, credit files, ledgers, computer programs, printouts, and other computer materials and records (and all media on which such data, files, programs, materials and records are or may be stored)); and

(d) all proceeds, products and replacements of, accessions to, and substitutions for, any of the foregoing, including without limitation proceeds of insurance policies, to the extent related to a loss related to the foregoing.

In no event shall "Collateral" include any of the Principal Properties.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 *et seq*.), as amended from time to time, and any successor statute.

"Collateral Documents" means, collectively, the Security Agreement, each of the collateral assignments, security agreement supplements, security agreements, pledge agreements or other similar agreements delivered to the Administrative Agent pursuant to Section 6.10, and each of the other agreements, instruments or documents, and all amendments, restatements, modifications or supplements thereof or thereto, by or between any one or more of any Loan Party that, now or hereafter, creates or purports to create a Lien in favor of the Administrative Agent for the benefit of the Secured Parties, and all financing statements (or comparable documents now or hereafter filed in accordance with the UCC or comparable law) against any such Person as debtor in favor of any the Administrative Agent or a Bank for the benefit of the Administrative Agent, the Banks and the other Secured Parties, as secured party, as any of the foregoing may be amended, restated and/or modified from time to time.

"Excluded Swap Obligation" means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guaranteed Obligations of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any Guaranteed

Obligations thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act at the time the Guaranteed Obligations of such Guarantor, or a grant by such Guarantor of a security interest, becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a Master Agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guaranteed Obligations or security interest is or becomes excluded in accordance with the first sentence of this definition.

"Hedge Bank" means any Person that either (a) at the time it enters into a Swap Contract required or permitted under Article VI or VII, is the Administrative Agent, an Affiliate of the Administrative Agent, a Bank or an Affiliate of a Bank, (b) is a party to a Swap Contract required or permitted under Article VI or VII at the time it (or its applicable Affiliate) becomes a Bank (either on the Third Amendment Effective Date, prior to, or thereafter as an Eligible Assignee), or (c) prior to the time such Person became a Bank, an Affiliate of a Bank, Administrative Agent or an Affiliate thereof, such Person entered into a Swap Contract that was in effect on the Effective Date, in each case in its capacity as a party to such Swap Contract.

"Intellectual Property" means, collectively, all intellectual property of a Person, including, without limitation, (a) inventions, designs, patents, patent applications, copyrights, copyright applications, trademarks, trademark applications, service marks, trade secrets, confidential or proprietary information, customer list, know-how, software, and databases; (b) all embodiments or fixations thereof and all related documentation, applications, registrations and franchises; (c) all licenses or other rights to use any of the foregoing; and (d) all books and records relating to the foregoing.

"LOC Bank" means any Person that has issued (or issues) a performance or financial letter of credit for the account of any Loan Party or any Subsidiary of a Loan Party. For the avoidance of doubt (i) at any point that a Bank ceases to be a Bank then such Person (and any Affiliate of such Person) shall cease to be a LOC Bank and (ii) at such time the issuer of any performance or financial letter of credit for the account of the Borrower and/or any (or one or more) Subsidiary of the Borrower becomes a Bank (or becomes an Affiliate of a Bank) such Person shall automatically become a LOC Bank until such time that such Person (or Affiliate of such Person) ceases to be a Bank.

"Master Agreement" has the meaning specified in the definition of "Swap Contract".

"Obligations" means all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Credit Document or otherwise with respect to any Advance, Secured Cash Management Agreement, Secured Hedge Agreement or Secured Bilateral Letter of Credit whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party of any proceeding under any law relating to bankruptcy, insolvency or reorganization or relief of debtors naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding; provided, however, that the "Obligations" of a Loan Party shall exclude any Excluded Swap Obligations with respect to such Loan Party.

"Principal Property" means all restaurant or related equipment and real property, in each case which is owned by the Borrower or a Subsidiary and which constitutes all or part of any restaurant located within the United States or Canada.

"Qualified ECP Guarantor" shall mean, at any time, each Loan Party with total assets exceeding $10,000,000 or that qualifies at such time as an "eligible contract participant" under the Commodity Exchange Act and can cause another person to qualify as an "eligible contract participant" at such time under §1a(18)(A)(v)(II) of the Commodity Exchange Act.

"Real Property Holding Company" means any Subsidiary of the Borrower designated as such by the Borrower in a writing delivered to the Administrative Agent, which writing shall include a certification that the principal business of such Subsidiary consists of owning, leasing, dealing in or developing real property.

"Secured Bilateral Letter of Credit" means any performance or financial letter of credit that is issued by a LOC Bank for the account of any Loan Party or any Subsidiary of a Loan Party; provided that the aggregate amount of all such Secured Bilateral Letters of Credit shall not exceed $35,000,000.

"Secured Cash Management Agreement" means any Cash Management Agreement that is entered into by and between any Loan Party or any Subsidiary of a Loan Party and any Cash Management Bank.

"Secured Hedge Agreement" means any Swap Contract required or permitted under Article VI or VII that is entered into by and between any Loan Party or any Subsidiary of a Loan Party and any Hedge Bank.

"Secured Parties" means, collectively, the Administrative Agent, the Banks, the Hedge Banks, the Cash Management Banks, the LOC Banks, each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 9.01, and the other Persons the Obligations owing to which are or are purported to be secured by the Collateral under the terms of the Collateral Documents.

"Security Agreement" has the meaning specified in Section 6.10.

"Specified Loan Party" means any Loan Party that is not an "eligible contract participant" under the Commodity Exchange Act (determined prior to giving effect to Section 1).

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement; provided, however, "Swap Contracts" shall not include any equity based derivative or similar transaction whether documented pursuant to a Master Agreement or otherwise.

"Swap Obligation" means with respect to any Guarantor any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

"Third Amendment Effective Date" means April 30, 2018.

"Third Amendment Fee Letter" means the Fee Letter dated April 30, 2018, among the Borrower, Bank of America and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

"UCC" means the Uniform Commercial Code of any applicable jurisdiction and, if the applicable jurisdiction shall not have any Uniform Commercial Code, the Uniform Commercial Code as in effect from time to time in the State of Texas.

"United States" means the United States of America.

(b) Section 1.01 of the Credit Agreement. The Definition of "Applicable Rate" in Section 1.01 of the Credit Agreement is hereby amended by adding at the end thereof the following:

"Notwithstanding anything to the contrary herein, as of the Third Amendment Effective Date, the Applicable Rate shall be based upon Rating Level 5 and shall continue to be based upon Rating Level 5 for one hundred eighty (180) days following the Third Amendment Effective Date and thereafter the Applicable Rate shall be based upon the Moody's Rating and the S&P Rating as set forth in the table above."

(c) Section 1.01 of the Credit Agreement. Section 1.01 of the Credit Agreement is hereby amended by deleting the definition of "Credit Documents" in its entirety and substituting in lieu thereof the following:

"Credit Documents" means this Agreement, the Notes, the Fee Letters, the Collateral Documents, and each other agreement, instrument or document executed by the Borrower or any Guarantor at any time in connection with this Agreement."

(d) Section 1.01 of the Credit Agreement. The Definition of "Permitted Liens" in Section 1.01 of the Credit Agreement is hereby amended by (i) deleting the word "or" at the end of clause (h), (ii) deleting the period at the end of clause (i) and substituting a semicolon in lieu thereof, and (iii) adding at the end thereof the following:

"(j) Liens granted pursuant to the terms of the Credit Documents;

(k) Liens granted in cash collateral (including any associated deposit or securities accounts) to secure obligations incurred in connection with the issuance of letters of credit, bank guaranties, bankers acceptances and similar instruments; or

(l) Liens granted in Principal Properties to secure obligations incurred in connection with Sale-Leaseback Transactions otherwise permitted to be consummated in accordance with the terms of this Agreement.

Notwithstanding anything herein to the contrary, no Loan Party or any of its Subsidiaries shall create, assume, incur or suffer to exist, any Lien on or in respect of any of its Intellectual Property or any of its Principal Properties, in each case, except as permitted under this Agreement."

(e) Section 1.01 of the Credit Agreement. The Definition of "Fee Letters" in Section 1.01 of the Credit Agreement is hereby amended by deleting such definition in its entirety and substituting in lieu thereof the following:

"Fee Letters" means, collectively, the Bank of America Fee Letter, the JPMCB Fee Letter, the Wells Fargo Fee Letter, the Upfront Fee Letter and the Third Amendment Fee Letter."

(f) Section 1.03 of the Credit Agreement. Section 1.03 of the Credit Agreement is hereby amended by adding the following sentence at the end of such Section:

"Without limiting the foregoing, leases shall continue to be, for all purposes of this Agreement, classified and accounted for on a basis consistent with that reflected in the audited financial statements of the Borrower last delivered to the Administrative Agent prior to the Third Amendment Effective Date, notwithstanding any change in GAAP relating thereto, unless the parties hereto shall enter into a mutually acceptable amendment addressing such changes, as provided for above."

(g) Article IV of the Credit Agreement. Article IV of the Credit Agreement is hereby amended by adding the following new Section 4.11 at the end thereof:

"4.11 Keepwell. Each Loan Party that is a Qualified ECP Guarantor at the time of the grant of the security interest under the Credit Documents, in each case, by any Specified Loan Party, becomes effective with respect to any Swap Obligation, hereby jointly and severally, absolutely, unconditionally and irrevocably undertakes to provide such funds or other support to each Specified Loan Party with respect to such Swap Obligation as may be needed by such Specified Loan Party from time to time to honor all of its obligations under the Credit Documents in respect of such Swap Obligation (but, in each case, only up to the maximum amount of such liability that can be hereby incurred without rendering such Qualified ECP Guarantor's obligations and undertakings under this Section 4.11 voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations and undertakings of each Qualified ECP Guarantor under this Section shall remain in full force and effect until the Obligations have been indefeasibly paid and performed in full. Each Qualified ECP Guarantor intends this Section to constitute, and this Section shall be deemed to constitute, a guarantee of the obligations of, and a "keepwell, support, or other agreement" for the benefit of, each Specified Loan Party for all purposes of the Commodity Exchange Act."

(h) Article V of the Credit Agreement. Article V of the Credit Agreement is hereby amended by adding the following new Section 5.16 at the end thereof:

"5.16 Use of Plan Assets. Each Loan Party represents and warrants as of the Third Amendment Effective Date that each such Loan Party is not and will not be using "plan assets" (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Advances or Commitments.

(i) Section 6.09 of the Credit Agreement. Section 6.09 of the Credit Agreement is hereby amended by adding the following sentence at the end of such Section:

"The foregoing notwithstanding, in no event shall any Subsidiary that is a Real Property Holding Company be required to execute and deliver a Guarantor Joinder, or otherwise guaranty or grant collateral security in respect of the Obligations."

(j) Article VI of the Credit Agreement. Article VI of the Credit Agreement is hereby amended by adding the following new Section 6.10 at the end thereof:

"6.10 Collateral Requirement. Within 45 days (or such longer period of time agreed to by the Administrative Agent in writing in its sole discretion) of the Third Amendment Effective Date, each Loan Party shall grant a perfected first-priority security interest and continuing Lien (subject to Permitted Liens) in favor of the Administrative Agent, for the benefit of the Secured Parties, on all of its Collateral to secure the Obligations by delivering to the Administrative Agent a customary security agreement, in form and substance reasonably satisfactory to the Administrative Agent (together with each other security agreement and security agreement supplement, in each case as amended, the "Security Agreement"), duly executed by each Loan Party, together with:

(a) proper financing statements in form appropriate for filing under the UCC of all jurisdictions that the Administrative Agent may deem necessary or desirable in order to perfect the Liens created under the Security Agreement and the other Collateral Documents, covering the Collateral described in the Security Agreement and the other Collateral Documents; and

(b) favorable opinions of counsel to the Loan Parties covering items customary for transactions contemplated by this Section 6.10.

Each Loan Party, at the sole cost and expense of the Loan Parties, shall promptly upon request by the Administrative Agent, or any Bank through the Administrative Agent, (a) correct any defect or error that may be discovered in any Collateral Document or in the execution, acknowledgment, filing or recordation thereof, and (b) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, certificates, assurances and other instruments as the Administrative Agent, or any Bank through the Administrative Agent, may reasonably require from time to time in order to (i) carry out more effectively the provisions of the Collateral Documents, (ii) to the fullest extent permitted by applicable law, subject the Collateral to the Liens in favor of the Administrative Agent (on behalf of the Secured Parties), (iii) perfect and maintain the validity, effectiveness and priority of any of the Collateral Documents and any of the Liens (subject to Permitted Liens) created thereunder and (iv) assure, convey, grant, assign, transfer, preserve, protect and confirm more effectively unto the Administrative Agent (on behalf of the Secured Parties) the rights now or hereafter granted to the Secured Parties under any Collateral Document or under any other instrument executed in connection with any Collateral Document to which any Loan Party is a party.

(k) Section 7.02 of the Credit Agreement. Section 7.02 of the Credit Agreement is hereby amended by adding the following at the end thereof:

"For the avoidance of doubt, no Loan Party or any of its Subsidiaries shall create, assume, incur or suffer to exist, any Lien on or in respect of any of its Intellectual Property or any of its Principal Property, in each case, except as permitted under this Agreement."

(l) Section 7.03 of the Credit Agreement. Section 7.03 of the Credit Agreement is hereby amended by deleting clause (b) in its entirety and substituting the following in lieu thereof:

"(b) sell, lease or otherwise transfer any of their assets; provided that the Borrower, the Guarantors or any of their Subsidiaries may sell, lease or otherwise transfer assets (i) in the ordinary course of business, (ii) to the Borrower, any Guarantor or, so long as no Default or an event which, with the giving of notice, the lapse of time or both, would constitute a Default, shall have occurred and is continuing at the time of, or result from, any such sale, lease or transfer, any Subsidiaries, (iii) in connection with a Sale-Leaseback Transaction otherwise permitted by Section 7.03(c) of this Agreement, and (iv) in any other case, so long as the aggregate book value of all such assets sold, leased or transferred in reliance upon this clause (iv) (and, for the avoidance of doubt, without giving effect to any transfers permissibly consummated in reliance upon the prior clauses (i), (ii), or (iii)) shall not exceed fifteen percent (15%) of the Consolidated total assets of the Borrower as of the Second Amendment Effective Date for the term of this Agreement; provided, further, that no sale, lease or transfer consummated in reliance upon the prior clause (iii) or (iv) will be permitted pursuant to this Section 7.03(b) if a Default or an event which, with the giving of notice, the lapse of time or both, would constitute a Default, shall have occurred and is continuing at the time of, or result from, any such sale, lease or transfer; or"

(m) Section 7.03 of the Credit Agreement. Section 7.03 of the Credit Agreement is hereby amended by deleting clause (c) in its entirety and substituting in lieu thereof the following:

"(c) enter into any agreement or arrangement with any other Person providing for the sale or transfer by any Loan Party or any of its Subsidiaries of real or personal property to such Person and the leasing back of such property from such other Person or any other Person to or from whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of a Loan Party or any of its Subsidiaries (such transactions, "Sale-Leaseback Transactions"); provided that the Borrower, the Guarantors or any of their Subsidiaries may enter into and consummate (i) Sale-Leaseback Transactions between the Borrower and a Subsidiary or between Subsidiaries, (ii) prior to the Third Amendment Effective Date, up to $150,000,000 in Sale-Leaseback Transactions, and (iii) on and after the Third Amendment Effective Date, an aggregate of up to $450,000,000 (plus such additional amounts representing obligations incurred in connection with fees, costs and expenses incurred in connection with the consummation of the subject Sale-Leaseback Transactions) of Sale-Leaseback Transactions during the term of this Agreement, so long as after giving effect thereto the Borrower is in compliance on a pro forma basis with the Debt to Cash Flow Ratio covenant in Section 7.01(b); provided, further, that no Sale-Leaseback Transaction will be permitted pursuant to this Section 7.03(c) if a Default or an event which, with the giving of notice, the lapse of time or both, would constitute a Default, shall have occurred and is continuing at the time of, or result from, any such Sale-Leaseback Transaction."

(n) Section 7.04 of the Credit Agreement. Section 7.04 of the Credit Agreement is hereby amended by deleting such Section in its entirety and substituting in lieu thereof the following:

"7.04 Agreements to Restrict Dividends, Certain Transfers and Liens. Neither the Borrower nor the Guarantors will enter into or suffer to exist, or permit any Significant Subsidiary to enter into or suffer to exist, any consensual encumbrance or restriction on the ability of the Borrower, any Guarantor or any Significant Subsidiary, as the case may be, (a) to pay, directly or indirectly, dividends or make any other distributions in respect of its capital stock or pay any Debt or other obligation owed to the Borrower, a Guarantor or to any Significant Subsidiary, (b) to make loans or advances to the Borrower, a Guarantor or any Significant Subsidiary, (c) to guarantee the Debt of the Borrower, or (d) to create, incur, assume or suffer to exist Liens on property of such Person, provided, however, that (1) this clause (d) shall not prohibit (i) any negative pledge incurred or provided in favor of any holder of obligations permitted hereunder secured by liens of the type under clauses (d), (h), (i), (k) or (l) of the definition of Permitted Liens but solely to the extent any such negative pledge relates to the property that constitutes security for the obligations secured thereby (other than with respect to this clause (d)(i), any such negative pledge that restricts any Liens on any Intellectual Property or any Principal Property, in each case, except as otherwise permitted by this Agreement), (ii) customary anti-assignment provisions contained in any lease, license or other contract, and (iii) those encumbrances and restrictions existing on the Second Amendment Effective Date and described on Schedule IV and those now or hereafter existing that are not more restrictive in any respect than such encumbrances and restrictions described on Schedule IV, and (2) the foregoing shall not prohibit (A) restrictions applicable to assets subject to an agreement for the sale or disposition of such assets, to the extent such disposition is permitted by this Agreement or is conditioned on the receipt of an amendment or consent in respect thereof, and (B) customary encumbrances and restrictions set forth in definitive documentation governing Sale-Leaseback Transactions, so long as the Borrower in good faith determines that such encumbrances and restrictions will not impair the ability of the Borrower to make principal or interest payments on the Obligations."

(o) Section 7.09 of the Credit Agreement. Section 7.09 of the Credit Agreement is hereby amended by deleting the word "and" appearing at the end of clause (iv) thereof, substituting a comma in lieu thereof, deleting the period appearing at the end of clause (v) thereof, and substituting the following in lieu thereof:

", and (vi) Debt of Real Property Holdings Companies incurred in connection with Sale-Leaseback Transactions otherwise permitted to be consummated in accordance with Section 7.03(c) of this Agreement."

(p) Section 7.10 of the Credit Agreement. Section 7.10 of the Credit Agreement is hereby amended by deleting clause (c) in its entirety and substituting in lieu thereof the following:

"(c) the Borrower may make and declare (i) regularly scheduled, board approved, dividend payments in amounts up to (A) $75,000,000 during its fiscal year ended June 28, 2017 and (B) $82,500,000 during its fiscal year ended June 27, 2018 and during each fiscal year thereafter; (ii) additional Restricted Payments in an amount of up to $125,000,000 during each fiscal year; (iii) additional Restricted Payments in an aggregate amount of up to $250,000,000 during the term of this Agreement; and (iv) any Restricted Payments in unlimited amounts, so long as after giving effect to the Restricted Payments (and any related Borrowing or other incurrence of Debt) the Debt to Cash Flow Ratio is equal to or less than 3.75 to 1.00 on a pro forma basis as of the last fiscal quarter for which financial statements have been delivered to the Administrative Agent in accordance with the terms hereof."

(q) Article VIII of the Credit Agreement. Article VIII of the Credit Agreement is hereby amended by adding the following new Section 8.02 at the end thereof:

"8.02 Application of Funds. After the exercise of remedies provided for in Section 8.01 (or after the Advances have automatically become immediately due and payable as set forth in the proviso to Section 8.01), any amounts received on account of the Obligations shall, subject to the provisions of Section 2.18, be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including (i) fees, charges and disbursements of counsel to the

Administrative Agent, to the extent payable pursuant to Section 10.04 hereof, and (ii) amounts payable under Article II) due and payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal, interest and commitment fees) due and payable to the Banks (including (i) fees, charges and disbursements of counsel to the respective Banks arising under the Credit Documents, to the extent payable pursuant to Section 10.04 hereof, and (ii) amounts payable under Article II, ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting unpaid commitment fees and interest, ratably among the Banks in respect of the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans and Obligations then owing under Secured Hedge Agreements, Secured Cash Management Agreements and Secured Bilateral Letters of Credit, ratably among the Banks, the Hedge Banks, the Cash Management Banks, and the LOC Banks in proportion to the respective amounts described in this clause Fourth held by them; and

Last, the balance, if any, after all of the Obligations have been paid in full, to the Borrower or as otherwise required by laws.

Notwithstanding the foregoing, Obligations arising under Secured Cash Management Agreements, Secured Hedge Agreements, and the Secured Bilateral Letters of Credit shall be excluded from the application described above if the Administrative Agent has not received written notice thereof, together with such supporting documentation as the Administrative Agent may request, from the applicable Cash Management Bank, Hedge Bank or LOC Bank as the case may be. Each Cash Management Bank, Hedge Bank or LOC Bank not a party to this Agreement that has given the notice contemplated by the preceding sentence shall be deemed to have acknowledged and accepted the appointment of the Administrative Agent pursuant to the terms of Article IX hereof for itself and its Affiliates as if a "Bank" party hereto. Excluded Swap Obligations with respect to any Guarantor shall not be paid with amounts received from such Guarantor or such Guarantor's assets, but appropriate adjustments shall be made with respect to payments from other Loan Parties to preserve the allocation to Obligations otherwise set forth above in this Section 8.02."

(r) Section 9.01 of the Credit Agreement. Section 9.01 of the Credit Agreement is hereby amended by adding the following new clause (c) at the end thereof:

"(c) The Administrative Agent shall also act as the "collateral agent" under the Credit Documents, and each of the Banks (including in its capacities as a potential Hedge Bank, a potential Cash Management Bank, and a potential LOC Bank) hereby irrevocably appoints and authorizes the Administrative Agent to act as the agent of such Bank for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Administrative Agent, as "collateral agent" and any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent pursuant to Section 9.01(b) for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents, or for exercising any rights and remedies thereunder at the direction of the Administrative Agent), shall be entitled to the benefits of all provisions of this Article IX and Article X (including Section 10.04, as though such co-agents, sub-agents and attorneys-in-fact were the "collateral agent" under the Credit Documents) as if set forth in full herein with respect thereto."

(s) Article IX of the Credit Agreement. Article IX of the Credit Agreement is hereby amended by adding the following new Section 9.09, Section 9.10 and Section 9.11 at the end thereof:

"9.09 Collateral Matters. Each Bank (including in its capacities as a potential Cash Management Bank, a potential Hedge Bank, and a potential LOC Bank) irrevocably authorizes the Administrative Agent, at its option and in its discretion,

(a) to release any Lien on any property granted to or held by the Administrative Agent under any Credit Document (i) upon termination of the Total Commitments and payment in full of all Obligations (other than contingent indemnification obligations), (ii) that is sold or to be sold as part of or in connection with any sale permitted hereunder or under any other Credit Document, or (iii) subject to Section 10.01, if approved, authorized or ratified in writing by the Majority Banks;

(b) to subordinate any Lien on any property granted to or held by the Administrative Agent under any Credit Document to the holder of any Lien on such property that is permitted by clause (g) or (i) in the definition of Permitted Liens; and

(c) upon request by the Administrative Agent at any time, the Majority Banks will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of property pursuant to this Section 9.09."

"9.10 No Bank is an Employee Benefit Plan.

(a) Each Bank, (x) represents and warrants, as of the date such Person became a Bank hereunder, to, and (y) covenants, from the date such Person becomes a Bank hereunder, from the date such Person becomes a Bank hereunder to the date such Person ceases being a Bank party to this Agreement, for the benefit of, the Administrative Agent and the Joint Lead Arrangers and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that at least one of the following is and will be true:

(i) such Bank is not using "plan assets" (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Advances or Commitments;

(ii) the transaction exemption set forth in one or more prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time (a "PTE"), such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Bank's entrance into, participation in, administration of and performance of the Advances, the Commitments and this Agreement;

(iii) (A) such Bank is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Bank to enter into, participate in, administer and perform the Advances, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Advances, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Bank, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Bank's entrance into, participation in, administration of and performance of the Advances, the Commitments and this Agreement; or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Bank.

(b) In addition, unless clause (a)(i) above is true with respect to a Bank or such Bank has not provided another representation, warranty and covenant as provided in clause (a)(iv) above, such Bank further (x) represents and warrants, as of the date such Person becomes a Bank hereunder, to, and (y) covenants, from the date such Person becomes a Bank hereunder, to the date such Person ceases being a Bank party to this Agreement, for the benefit of, the Administrative Agent and the Joint Lead Arrangers and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that:

(i) none of the Administrative Agent or Joint Lead Arrangers or any of their respective Affiliates is a fiduciary with respect to the assets of such Bank (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Credit Document or any documents related to hereto or thereto);

(ii) the Person making the investment decision on behalf of such Bank with respect to the entrance into, participation in, administration of and performance of the Advances, the Commitments and this Agreement is independent (within the meaning of 29 CFR § 2510.3-21) and is a bank, an insurance carrier, an investment adviser, a broker-dealer or other person that holds, or has under management or control, total assets of at least $50,000,000, in each case as described in 29 CFR § 2510.3-21(c)(1)(i)(A)-(E);

(iii) the Person making the investment decision on behalf of such Bank with respect to the entrance into, participation in, administration of and performance of the Advances, the Commitments and this Agreement is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies (including in respect of the Obligations);

(iv) the Person making the investment decision on behalf of such Bank with respect to the entrance into, participation in, administration of and performance of the Advances, the Commitments and this Agreement is a fiduciary under ERISA or the Code, or both, with respect to the Advances, the Commitments and this Agreement and is responsible for exercising independent judgment in evaluating the transactions hereunder; and

(v) no fee or other compensation is being paid directly to the Administrative Agent or the Joints Lead Arrangers or any their respective Affiliates for investment advice (as opposed to other services) in connection with the Advances, the Commitments or this Agreement.

The Administrative Agent and the Joint Lead Arrangers hereby informs the Banks that each such Person is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an Affiliate thereof (i) may receive interest or other payments with respect to the Advances, the Commitments and this Agreement, (ii) may recognize a gain if it extended the Advances, the Commitments for an amount less than the amount being paid for an interest in the Advances, the Commitments by such Bank or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Credit Documents or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent or collateral agent fees, utilization fees, minimum usage fees, letter of credit fees, fronting fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing."

"9.11 Secured Cash Management Agreements, Secured Hedge Agreements, and Secured Bilateral Letters of Credit. Except as otherwise expressly set forth herein, no Cash Management Bank, Hedge Bank, or LOC Bank that obtains the benefits of Section 8.02, any guaranty or any Collateral by virtue of the provisions hereof or of any guaranty by any Guarantor or any Collateral Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Credit Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) other than in its capacity as a Bank and, in such case, only to the extent expressly provided in the Credit Documents. Subject to the next sentence but notwithstanding any other provision of this Article IX to the contrary, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Obligations arising under Secured Cash Management Agreements, Secured Hedge Agreements, or Secured Bilateral Letters of Credit unless the Administrative Agent has received written notice of such Obligations, together with such supporting documentation as the Administrative Agent may request, from the applicable Cash Management Bank, Hedge Bank, LOC Bank or the Borrower, as the case may be. The Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to Obligations arising under Secured Cash Management Agreements, Secured Hedge Agreements or Secured Bilateral Letters of Credit upon termination of the Total Commitments and payment in full of all Obligations (other than (A) contingent indemnification obligations and (B) obligations and liabilities under Secured Cash Management Agreements, Secured Hedge Agreements and Secured Bilateral Letters of Credit). Each Cash Management Bank, Hedge Bank and LOC Bank acknowledges and agrees that the Liens and guarantees under the Credit Documents shall be released at such time as the Obligations, excluding those under the Secured Cash Management Agreements, Secured Hedge Agreements and Secured Bilateral Letters of Credit, are repaid in full."

(a) Section 9.12 of the Credit Agreement. Section 9.12 of the Credit Agreement is hereby amended by deleting clause (f) in its entirety and substituting in lieu thereof the following:

"(f) release all or substantially all of the Guarantors or release all or substantially all of the Collateral without the consent of each Bank, or (g) amend this Section 9.12 without the consent of each Bank."

(b) Other Credit Documents. From and after the Third Amendment Effective Date, each reference to the Existing Credit Agreement in any Credit Document shall be a reference to the Existing Credit Agreement, as amended by this Amendment, as the same may hereafter be further amended, amended and restated, supplemented or otherwise modified.

Section 3. Conditions of Effectiveness. This Amendment shall become effective on the date each of the following conditions shall have been satisfied (such date, the "Third Amendment Effective Date"):

(a) Documentation. The Administrative Agent shall have received this Amendment duly executed by the Borrower, the Guarantors, the Administrative Agent and the Consenting Banks, and in sufficient copies for each Bank.

(b) Certification. The Administrative Agent shall have received a certificate, dated as of the Third Amendment Effective Date and signed by a Financial Officer, certifying that:

(i) no event or events which have or would reasonably be expected to have a Material Adverse Effect shall have occurred since June 28, 2017;

(ii) no Default or event which, with the giving of notice, the lapse of time or both, would constitute a Default shall have occurred and be continuing on and as of the Third Amendment Effective Date;

(iii) the representations and warranties contained in Section 6 hereof shall be true and correct on and as of the Third Amendment Effective Date; and

(iv) no legal or regulatory action or proceeding shall have commenced and be continuing against the Borrower or any of its Subsidiaries since June 28, 2017, which has, or would reasonably be expected to have, a Material Adverse Effect.

(c) Consent Fee. The Administrative Agent shall have received, for the ratable account of each Consenting Bank that has executed and delivered a counterpart hereof to the Administrative Agent on or prior to 5:00 p.m. Eastern Time on April 27, 2018 (the "Deadline"), a fee equal to 0.125% of such Bank's undrawn Commitment and amount of outstanding Advances on the Third Amendment Effective Date (such fees, the "Consent Fees"). The Consent Fees shall be payable in U.S. dollars in immediately available funds as directed by the Administrative Agent. Once paid, no Consent Fees shall be refundable under any circumstances. For the avoidance of doubt, no Consent Fee shall be payable to any Bank that does not consent to this Amendment prior to the Deadline.

(d) Fees and Expenses. The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Third Amendment Effective Date pursuant to the Third Amendment Fee Letter, including all fees, charges and disbursements required to be paid or reimbursed by the Borrower pursuant to Section 8 hereof (which fees, charges and disbursements of counsel and such other out of pocket fees and expenses shall be limited to those for which invoices have been submitted on or prior to the Third Amendment Effective Date (provided, however, nothing herein shall preclude any post-closing settlement of such fees, charges, disbursements, costs and expenses to the extent not so invoiced)).

Section 4. Additional Guarantor. Within thirty (30) days of the Third Amendment Effective Date, or such longer period of time in the sole discretion of the Administrative Agent, the Borrower will cause Brinker International Payroll Company, L.P., a Delaware limited partnership (" Brinker Payroll") to guaranty the obligations of the Borrower hereunder by entering into a Guarantor Joinder and delivering to the Administrative Agent customary documentation including, without limitation, (a) a certificate of the Secretary or an Assistant Secretary of Brinker Payroll (or its general partner, as applicable) certifying (i) Brinker Payroll's certificate of formation and agreement of limited partnership, (ii) the names and true signatures of the officers of Brinker Payroll (or its general partner, as applicable) authorized to sign the Guarantor Joinder and (iii) that a true, correct and complete copy of the resolutions of the governing body of Brinker Payroll authorizing the making and performance of the Guarantor Joinder and its Security Agreement by Brinker Payroll is attached hereto and that such resolutions are in full force and effect, (b) a favorable opinion of Gibson Dunn & Crutcher LLP, legal counsel for Brinker Payroll covering items customary for transactions of this type, and (c) a certificate from the Secretary of State of the State of Delaware as to the existence and good standing of Brinker Payroll.

Section 5. Consent of the Guarantors. Each Guarantor hereby consents, acknowledges and agrees to the amendments set forth herein and hereby confirms and ratifies in all respects its guaranty in Article IV of the Credit Agreement (including without limitation the continuation of such Guarantor's payment and performance obligations thereunder upon and after the effectiveness of this Amendment and the amendments contemplated hereby) and the enforceability of such guaranty against such Guarantor in accordance with its terms.

Section 6. Representations and Warranties of the Borrower and the Guarantors. In order to induce the Administrative Agent and the Banks to enter into this Amendment, the Borrower and each Guarantor represents and warrants as follows:

(a) The execution, delivery and performance by the Borrower and each Guarantor of its obligations in connection with this Amendment are within its corporate powers, have been duly authorized by all necessary corporate action and do not and will not (i) violate any provision of its articles or certificate of incorporation or bylaws or similar organizing or governing documents of the Borrower or the Guarantor, (ii) contravene any applicable law which is applicable to the Borrower or such Guarantor, or (iii) conflict with, result in a breach of or constitute (with notice, lapse of time or both) a default under any material indenture or instrument or other material agreement to which the Borrower or such Guarantor is a party, by which it or any of its properties is bound or to which it is subject, except, in the case of clauses (ii) and (iii) above, to the extent such contraventions, conflicts, breaches or defaults could not reasonably be expected to have a Material Adverse Effect.

(b) The Borrower and each Guarantor has taken all necessary corporate action to execute, deliver and perform this Amendment and has validly executed and delivered this Amendment. This Amendment constitutes a legal, valid and binding obligation of the Borrower and each Guarantor, enforceable against the Borrower and each Guarantor in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(c) No material consent, approval, authorization or other action by, notice to, or registration or filing with, any governmental authority or other Person is or will be required as a condition to or otherwise in connection with the due execution, delivery and performance by the Borrower or each Guarantor of this Amendment, except (i) such as have been obtained or made and are in full force and effect, (ii) such filings as may be required in connection with the Borrower's obligations under the Exchange Act, and (iii) that the Borrower shall be required to cause Brinker Payroll to guaranty the Borrower's 5.0% senior notes due 2024.

(d) As of the Third Amendment Effective Date, the representations and warranties contained in each of the Credit Documents are true and correct in all material respects (except for those representations and warranties that have a material qualifier, in which case those representations and warranties shall be true and correct in all respects) as of the date hereof as though made on and as of such date (other than any such representations or warranties that, by their terms, refer to a specific date, in which case as of such specific date).

(e) No Default or event which, with the giving of notice, the lapse of time or both, would constitute a Default shall exist after giving effect to this Amendment.

Section 7. Reference to and Effect on the Credit Documents. On the Third Amendment Effective Date and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in each of the other Credit Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Existing Credit Agreement, as amended by this Amendment, and this Amendment shall constitute a Credit Document.

(a) The Existing Credit Agreement and each of the other Credit Documents, as specifically amended by this Amendment, are and shall continue to be in full force and effect according to their respective terms and are hereby in all respects ratified and confirmed. The parties hereto acknowledge and agree that the amendments contained herein do not constitute a novation of the Existing Credit Agreement, the other Credit Documents or the indebtedness or any other obligation of the Borrower and the Guarantors described therein and shall not, in any case, affect, diminish or abrogate the Borrower's or any Guarantor's liability under the Credit Agreement or any other Credit Document.

(b) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Bank or the Administrative Agent under any of the Credit Documents, nor constitute a waiver of, consent to a departure from, or modification of any other term, covenant, provision or condition set forth in any of the Credit Documents.

Section 8. Bank Consent. For purposes of determining compliance with the conditions specified in Section 3, each Bank that has signed this Amendment shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required hereunder to be consented to or approved by or acceptable or satisfactory to a Bank unless the Administrative Agent shall have received notice from such Bank prior to the proposed Third Amendment Effective Date specifying its objection thereto.

Section 9. Costs and Expenses. On or prior to the Third Amendment Effective Date, the Borrower agrees to pay all reasonable and documented out-of-pocket costs and expenses incurred by the Administrative Agent in connection with the preparation, execution and delivery of this Amendment and the other instruments and documents to be delivered hereunder (including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent) in accordance with the terms of Section 10.04 of the Credit Agreement.

Section 10. Execution in Counterparts. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or in electronic (*i.e.*, “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Amendment.

Section 11. Governing Law. This Amendment shall be governed by, and construed in accordance with, the law of the State of Texas (except that Chapter 346 of the Texas Finance Code, which regulates certain revolving credit loan accounts, shall not apply to this Amendment or any other Credit Document).

Section 12. Section Captions. Section captions used in this Amendment are for convenience of reference only, and shall not affect the construction of this Amendment.

Section 13. Entire Agreement. This Amendment and the other Credit Documents (the “Relevant Documents”) constitute the entire agreement among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. No promise, condition, representation or warranty, express or implied, not set forth in the Relevant Documents shall bind any party hereto, and no such party has relied on any such promise, condition, representation or warranty. Each of the parties hereto acknowledges that, except as otherwise expressly stated in the Relevant Documents, no representations, warranties or commitments, express or implied, have been made by any party to the other with respect to the subject matter hereof. None of the terms or conditions of this Amendment may be changed, modified, waived or canceled orally or otherwise, except in writing and in accordance with Section 10.01 of the Credit Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWER:

BRINKER INTERNATIONAL, INC.

By:____________
Name: Joe Taylor
Title: Senior Vice President and Chief Financial Officer

GUARANTORS:

BRINKER RESTAURANT CORPORATION

By:____________
Name: Daniel Fuller
Title: Vice President, Treasurer and Assistant Secretary

BRINKER FLORIDA, INC.

By:____________
Name: Daniel Fuller
Title: Vice President, Treasurer and Assistant Secretary

BRINKER TEXAS, INC.

By:____________
Name: Daniel Fuller
Title: Vice President, Treasurer and Assistant Secretary

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.

By:_____________
Name:
Title:

BANKS:

BANK OF AMERICA, N.A.

By:_____________
Name:
Title:

JPMORGAN CHASE BANK, N.A.

By:___________________________
Name:
Title:

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WELLS FARGO BANK, N.A.

By:___________________________
Name:
Title:

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MUFG BANK, LTD.

By:___________________________
Name:
Title:

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SUNTRUST BANK

By:___________________________
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION

By:___________________________
Name:
Title:

BARCLAYS BANK PLC

By:___________________________
Name:
Title:

REGIONS BANK

By:___________________________
Name:
Title:

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COMPASS BANK

By:___________________________
Name:
Title:

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ASSOCIATED BANK NATIONAL ASSOCIATION

By:___________________________
Name:
Title:

Third Amendment to Credit Agreement
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EXHIBIT 31(a)

CERTIFICATIONS

I, Wyman T. Roberts, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Brinker International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   A. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   B. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally acceptable accounting principles;
   C. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   D. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   A. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   B. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2018

By: /s/ Wyman T. Roberts

Wyman T. Roberts,
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31(b)

CERTIFICATIONS

I, Joseph G. Taylor certify that:

1. I have reviewed this quarterly report on Form 10-Q of Brinker International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   - A. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   - B. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally acceptable accounting principles;
   - C. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   - D. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   - A. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   - B. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2018

By: /s/ Joseph G. Taylor

Joseph G. Taylor

Senior Vice President and Chief Financial Officer

(Principal Financial Officer)

EXHIBIT 32(a)

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of Brinker International, Inc. (the “Company”), hereby certifies that the Company’s quarterly report on Form 10-Q for the quarter ended March 28, 2018 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2018

By: /s/ Wyman T. Roberts

Wyman T. Roberts,
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32(b)

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of Brinker International, Inc. (the "Company"), hereby certifies that the Company's quarterly report on Form 10-Q for the quarter ended March 28, 2018 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2018

By: /s/ Joseph G. Taylor
Joseph G. Taylor
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)