

**BRINKER INTERNATIONAL, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In thousands, except per share amounts)

	Fiscal Years		
	2016	2015	2014
Revenues:			
Company sales . . . . .	\$3,166,659	\$2,904,746	\$2,823,069
Franchise and other revenues . . . . .	90,830	97,532	86,426
Total revenues . . . . .	3,257,489	3,002,278	2,909,495
Operating Costs and Expenses:			
Company restaurants (excluding depreciation and amortization)			
Cost of sales . . . . .	840,204	775,063	758,028
Restaurant labor . . . . .	1,036,005	929,206	905,589
Restaurant expenses . . . . .	762,663	703,334	686,314
Company restaurant expenses . . . . .	2,638,872	2,407,603	2,349,931
Depreciation and amortization . . . . .	156,368	145,242	136,081
General and administrative . . . . .	127,593	133,467	132,094
Other gains and charges . . . . .	17,180	4,764	49,224
Total operating costs and expenses . . . . .	2,940,013	2,691,076	2,667,330
Operating income . . . . .	317,476	311,202	242,165
Interest expense . . . . .	32,574	29,006	28,091
Other, net . . . . .	(1,485)	(2,081)	(2,214)
Income before provision for income taxes . . . . .	286,387	284,277	216,288
Provision for income taxes . . . . .	85,642	87,583	62,249
Net income . . . . .	\$ 200,745	\$ 196,694	\$ 154,039
Basic net income per share . . . . .	\$ 3.47	\$ 3.12	\$ 2.33
Diluted net income per share . . . . .	\$ 3.42	\$ 3.05	\$ 2.26
Basic weighted average shares outstanding . . . . .	57,895	63,072	66,251
Diluted weighted average shares outstanding . . . . .	58,684	64,404	68,152
Other comprehensive loss:			
Foreign currency translation adjustment . . . . .	\$ (2,964)	\$ (7,690)	\$ (940)
Other comprehensive loss . . . . .	(2,964)	(7,690)	(940)
Comprehensive income . . . . .	\$ 197,781	\$ 189,004	\$ 153,099
Dividends per share . . . . .	\$ 1.28	\$ 1.12	\$ 0.96

See accompanying notes to consolidated financial statements.

**BRINKER INTERNATIONAL, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands, except share and per share amounts)

	<u>June 29, 2016</u>	<u>June 24, 2015</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents .....	\$ 31,446	\$ 55,121
Accounts receivable, net .....	43,944	46,588
Inventories .....	25,104	23,035
Restaurant supplies .....	45,455	43,968
Prepaid expenses .....	30,825	18,512
Total current assets .....	<u>176,774</u>	<u>187,224</u>
Property and Equipment:		
Land .....	147,626	147,763
Buildings and leasehold improvements .....	1,626,924	1,546,957
Furniture and equipment .....	663,472	618,084
Construction-in-progress .....	23,965	15,001
	<u>2,461,987</u>	<u>2,327,805</u>
Less accumulated depreciation and amortization .....	<u>(1,418,835)</u>	<u>(1,295,761)</u>
Net property and equipment .....	<u>1,043,152</u>	<u>1,032,044</u>
Other Assets:		
Goodwill .....	164,007	132,381
Deferred income taxes, net .....	27,003	33,137
Intangibles, net .....	30,225	16,642
Other .....	31,555	34,445
Total other assets .....	<u>252,790</u>	<u>216,605</u>
Total assets .....	<u>\$ 1,472,716</u>	<u>\$ 1,435,873</u>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
Current Liabilities:		
Current installments of long-term debt .....	\$ 3,563	\$ 3,439
Accounts payable .....	95,414	92,947
Gift card liability .....	122,329	114,726
Accrued payroll .....	70,999	82,915
Other accrued liabilities .....	121,324	111,197
Income taxes payable .....	18,814	13,251
Total current liabilities .....	<u>432,443</u>	<u>418,475</u>
Long-term debt, less current installments .....	1,113,949	970,825
Other liabilities .....	139,423	125,033
Commitments and Contingencies (Notes 9 and 14)		
Shareholders' Deficit:		
Common stock—250,000,000 authorized shares; \$0.10 par value; 176,246,649 shares issued and 55,420,656 shares outstanding at June 29, 2016 and 176,246,649 shares issued and 60,585,608 shares outstanding at June 24, 2015 .....	17,625	17,625
Additional paid-in capital .....	495,110	490,111
Accumulated other comprehensive loss .....	(11,594)	(8,630)
Retained earnings .....	<u>2,558,193</u>	<u>2,431,683</u>
	3,059,334	2,930,789
Less treasury stock, at cost (120,825,993 shares at June 29, 2016 and 115,661,041 shares at June 24, 2015) .....	<u>(3,272,433)</u>	<u>(3,009,249)</u>
Total shareholders' deficit .....	<u>(213,099)</u>	<u>(78,460)</u>
Total liabilities and shareholders' deficit .....	<u>\$ 1,472,716</u>	<u>\$ 1,435,873</u>

See accompanying notes to consolidated financial statements.

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

	Fiscal Years		
	2016	2015	2014
Cash Flows from Operating Activities:			
Net income	\$ 200,745	\$ 196,694	\$ 154,039
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	156,368	145,242	136,081
Litigation reserves	—	—	39,500
Restructure charges and other impairments	17,445	5,636	8,533
Deferred income taxes	21,523	13,140	(23,041)
Net loss on disposal of assets	87	4,523	5,161
Stock-based compensation	15,159	14,802	16,074
Gain on equity investments	(571)	(368)	(328)
Other	1,918	250	707
Changes in assets and liabilities:			
Accounts receivable	(3,682)	1,932	(5,372)
Inventories	11	475	912
Prepaid expenses and other	(13,130)	4,368	1,827
Intangibles and other assets	72	(2,140)	(3,397)
Current income taxes	9,928	6,284	14,087
Accounts payable	(5,783)	1,117	3,756
Accrued liabilities	(10,013)	(22,595)	14,617
Other liabilities	4,623	(749)	(3,314)
Net cash provided by operating activities	<u>394,700</u>	<u>368,611</u>	<u>359,842</u>
Cash Flows from Investing Activities:			
Payments for property and equipment	(112,788)	(140,262)	(161,066)
Proceeds from sale of assets	4,256	1,950	888
Payments for purchase of restaurants	(105,577)	—	—
Net cash used in investing activities	<u>(214,109)</u>	<u>(138,312)</u>	<u>(160,178)</u>
Cash Flows from Financing Activities:			
Borrowings on revolving credit facility	256,500	480,750	120,000
Purchases of treasury stock	(284,905)	(306,255)	(239,597)
Payments on long-term debt	(3,402)	(189,177)	(26,521)
Payments on revolving credit facility	(110,000)	(177,000)	(40,000)
Payments of dividends	(74,066)	(70,832)	(63,395)
Proceeds from issuances of treasury stock	6,147	16,259	29,295
Excess tax benefits from stock-based compensation	5,460	15,893	18,872
Payments for deferred financing costs	—	(2,501)	—
Net cash used in financing activities	<u>(204,266)</u>	<u>(232,863)</u>	<u>(201,346)</u>
Net change in cash and cash equivalents	(23,675)	(2,564)	(1,682)
Cash and cash equivalents at beginning of year	<u>55,121</u>	<u>57,685</u>	<u>59,367</u>
Cash and cash equivalents at end of year	<u>\$ 31,446</u>	<u>\$ 55,121</u>	<u>\$ 57,685</u>

See accompanying notes to consolidated financial statements.