

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

	Fiscal Years		
	2014	2013	2012
Revenues:			
Company sales . . . . .	\$2,823,069	\$2,766,618	\$2,748,462
Franchise and other revenues . . . . .	82,383	79,480	72,260
Total revenues . . . . .	<u>2,905,452</u>	<u>2,846,098</u>	<u>2,820,722</u>
Operating Costs and Expenses:			
Company restaurants (excluding depreciation and amortization)			
Cost of sales . . . . .	758,028	758,377	769,729
Restaurant labor . . . . .	905,589	892,413	891,910
Restaurant expenses . . . . .	<u>682,271</u>	<u>655,214</u>	<u>649,830</u>
Company restaurant expenses . . . . .	2,345,888	2,306,004	2,311,469
Depreciation and amortization . . . . .	136,081	131,481	125,054
General and administrative . . . . .	132,094	134,538	143,388
Other gains and charges . . . . .	<u>49,224</u>	<u>17,300</u>	<u>8,974</u>
Total operating costs and expenses . . . . .	<u>2,663,287</u>	<u>2,589,323</u>	<u>2,588,885</u>
Operating income . . . . .	242,165	256,775	231,837
Interest expense . . . . .	28,091	29,118	26,800
Other, net . . . . .	<u>(2,214)</u>	<u>(2,658)</u>	<u>(3,772)</u>
Income before provision for income taxes . . . . .	216,288	230,315	208,809
Provision for income taxes . . . . .	<u>62,249</u>	<u>66,956</u>	<u>57,577</u>
Net income . . . . .	<u>\$ 154,039</u>	<u>\$ 163,359</u>	<u>\$ 151,232</u>
Basic net income per share . . . . .	<u>\$ 2.33</u>	<u>\$ 2.28</u>	<u>\$ 1.93</u>
Diluted net income per share . . . . .	<u>\$ 2.26</u>	<u>\$ 2.20</u>	<u>\$ 1.87</u>
Basic weighted average shares outstanding . . . . .	<u>66,251</u>	<u>71,788</u>	<u>78,559</u>
Diluted weighted average shares outstanding . . . . .	<u>68,152</u>	<u>74,158</u>	<u>80,664</u>
Other comprehensive income (loss):			
Foreign currency translation adjustment . . . . .	<u>\$ (940)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other comprehensive loss . . . . .	<u>(940)</u>	<u>0</u>	<u>0</u>
Comprehensive income . . . . .	<u>\$ 153,099</u>	<u>\$ 163,359</u>	<u>\$ 151,232</u>
Dividends per share . . . . .	<u>\$ 0.96</u>	<u>\$ 0.80</u>	<u>\$ 0.64</u>

See accompanying notes to consolidated financial statements.

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

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents .....	\$ 57,685	\$ 59,367
Accounts receivable .....	47,850	44,082
Inventories .....	23,643	24,628
Prepaid expenses and other .....	65,506	65,584
Income taxes receivable .....	0	4,930
Deferred income taxes .....	16,170	0
Total current assets .....	<u>210,854</u>	<u>198,591</u>
Property and Equipment:		
Land .....	149,184	147,581
Buildings and leasehold improvements .....	1,483,894	1,435,426
Furniture and equipment .....	593,344	580,115
Construction-in-progress .....	32,844	20,588
	2,259,266	2,183,710
Less accumulated depreciation and amortization .....	(1,202,812)	(1,147,895)
Net property and equipment .....	<u>1,056,454</u>	<u>1,035,815</u>
Other Assets:		
Goodwill .....	133,434	142,103
Deferred income taxes .....	30,090	24,064
Intangibles .....	18,841	10,696
Other .....	40,931	41,334
Total other assets .....	<u>223,296</u>	<u>218,197</u>
Total assets .....	<u><u>\$ 1,490,604</u></u>	<u><u>\$ 1,452,603</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities:		
Current installments of long-term debt .....	\$ 27,884	\$ 27,596
Accounts payable .....	102,931	93,326
Accrued liabilities .....	328,017	269,465
Income taxes payable .....	7,278	0
Deferred income taxes .....	0	845
Total current liabilities .....	<u>466,110</u>	<u>391,232</u>
Long-term debt, less current installments .....	832,302	780,121
Other liabilities .....	129,098	131,893
Commitments and Contingencies (Notes 9 and 14)		
Shareholders' Equity:		
Common stock—250,000,000 authorized shares; \$.10 par value; 176,246,649 shares issued and 64,558,909 shares outstanding at June 25, 2014 and 176,246,649 shares issued and 67,444,099 shares outstanding at June 26, 2013 .....	17,625	17,625
Additional paid-in capital .....	484,320	477,420
Accumulated other comprehensive loss .....	(940)	0
Retained earnings .....	2,306,532	2,217,623
	2,807,537	2,712,668
Less treasury stock, at cost (111,687,740 shares at June 25, 2014 and 108,802,550 shares at June 26, 2013) .....	(2,744,443)	(2,563,311)
Total shareholders' equity .....	<u>63,094</u>	<u>149,357</u>
Total liabilities and shareholders' equity .....	<u><u>\$ 1,490,604</u></u>	<u><u>\$ 1,452,603</u></u>

See accompanying notes to consolidated financial statements.

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

	Fiscal Years		
	2014	2013	2012
Cash Flows from Operating Activities:			
Net income	\$ 154,039	\$ 163,359	\$ 151,232
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	136,081	131,481	125,054
Litigation reserves	39,500	0	0
Restructure charges and other impairments	8,533	11,425	10,396
Deferred income taxes	(23,041)	(4,793)	11,808
Net loss (gain) on disposal of assets	5,161	(6,905)	490
Stock-based compensation	16,074	15,909	13,461
(Gain) loss on equity investments	(328)	851	1,350
Other	707	363	799
Changes in assets and liabilities:			
Accounts receivable	(5,372)	5,398	608
Inventories	912	908	(15)
Prepaid expenses and other	1,827	82	(2,984)
Intangibles and other assets	(3,397)	(4,115)	489
Current income taxes	14,087	749	(3,874)
Accounts payable	3,756	(9,339)	12,188
Accrued liabilities	14,617	(9,381)	(17,197)
Other liabilities	(3,314)	(5,304)	(367)
Net cash provided by operating activities	359,842	290,688	303,438
Cash Flows from Investing Activities:			
Payments for property and equipment	(161,066)	(131,531)	(125,226)
Proceeds from sale of assets	888	17,157	8,112
Payments for purchase of restaurants	0	(24,622)	(3,120)
Insurance recoveries	0	1,152	0
Investment in equity method investee	0	0	(3,170)
Net cash used in investing activities	(160,178)	(137,844)	(123,404)
Cash Flows from Financing Activities:			
Purchases of treasury stock	(239,597)	(333,384)	(287,291)
Borrowings on revolving credit facility	120,000	110,000	40,000
Payments of dividends	(63,395)	(56,343)	(50,081)
Payments on revolving credit facility	(40,000)	(150,000)	0
Proceeds from issuances of treasury stock	29,295	41,190	43,416
Payments on long-term debt	(26,521)	(316,380)	(18,749)
Excess tax benefits from stock-based compensation	18,872	8,778	1,406
Proceeds from issuance of long-term debt	0	549,528	70,000
Payments for deferred financing costs	0	(5,969)	(1,620)
Net cash used in financing activities	(201,346)	(152,580)	(202,919)
Net change in cash and cash equivalents	(1,682)	264	(22,885)
Cash and cash equivalents at beginning of year	59,367	59,103	81,988
Cash and cash equivalents at end of year	\$ 57,685	\$ 59,367	\$ 59,103

See accompanying notes to consolidated financial statements.