

BRINKER INTERNATIONAL INC

Form 11-K

May 30, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2011

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition year from _____ to _____

Commission File No. 1-10275

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

BRINKER INTERNATIONAL

401(K) SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Brinker International

6820 LBJ Freeway

Dallas, Texas 75240

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* All other schedules required by Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

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Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of the

Brinker International 401(k) Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Brinker International 401(k) Savings Plan (the Plan) as of December 31, 2011 and 2010, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Brinker International 401(k) Savings Plan as of December 31, 2011 and 2010, and the changes in its net assets available for benefits for the years then ended in conformity with generally accepted accounting principles in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of Form 5500, Schedule H, Line 4i Schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Whitley Penn LLP

Dallas, Texas

May 30, 2012

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BRINKER INTERNATIONAL

401(k) SAVINGS PLAN

Statements of Net Assets Available for Benefits

December 31, 2011 and 2010

| | 2011 | 2010 |
|-------------------------------------|----------------|----------------|
| Investments at fair value (Note 3): | | |
| Money market | \$ 9,096,385 | \$ 8,455,620 |
| Mutual funds | 104,534,999 | 105,686,492 |
| Brinker common stock fund | 16,315,577 | 12,357,890 |
| | 129,946,961 | 126,500,002 |
| Receivables: | | |
| Employer contributions | 118,609 | 106,646 |
| Participants contributions | 186,958 | 168,448 |
| Notes receivable from participants | 7,250,083 | 7,036,554 |
| | 7,555,650 | 7,311,648 |
| Net assets available for benefits | \$ 137,502,611 | \$ 133,811,650 |

See accompanying notes to financial statements.

Table of Contents**BRINKER INTERNATIONAL****401(k) SAVINGS PLAN****Statements of Changes in Net Assets Available for Benefits****Years Ended December 31, 2011 and 2010**

| | 2011 | 2010 |
|--|----------------|----------------|
| Additions: | | |
| Contributions: | | |
| Participants | \$ 11,866,322 | \$ 12,003,023 |
| Rollovers | 661,923 | 233,118 |
| Employer | 6,528,599 | 6,683,357 |
| | 19,056,844 | 18,919,498 |
| Investment income: | | |
| Net (depreciation) appreciation in fair value of investments | (836,327) | 15,095,768 |
| Interest and dividends | 2,716,946 | 2,280,465 |
| | 1,880,619 | 17,376,233 |
| Interest on notes receivable from participants | 310,184 | 317,264 |
| | | |
| Total additions | 21,247,647 | 36,612,995 |
| Deductions: | | |
| Benefits paid to participants | 17,556,686 | 19,993,671 |
| | | |
| Net increase | 3,690,961 | 16,619,324 |
| Net assets available for benefits at beginning of year | 133,811,650 | 117,192,326 |
| | | |
| Net assets available for benefits at end of year | \$ 137,502,611 | \$ 133,811,650 |

See accompanying notes to financial statements.

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BRINKER INTERNATIONAL

401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2011 and 2010

1. DESCRIPTION OF THE PLAN

The following description of the Brinker International (Company or Brinker) 401(k) Savings Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan Document for a more complete description of the Plan s provisions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

General

The Company originally adopted the Plan effective January 1, 1993. The Plan is a qualified defined contribution retirement plan covering eligible employees as defined below. The Plan was most recently amended and restated in its entirety effective December 15, 2011, primarily for the purpose of incorporating previous Plan amendments and implementing an updated Plan Document. Leased employees, non-US citizens, and union employees without specific contract provisions are not eligible to participate in the Plan.

The investments of the Plan are maintained in a trust (the Trust) by Fidelity Management Trust Company (the Trustee) and the recordkeeping functions are performed by Fidelity Investments Institutional Operations Company Incorporated (the Recordkeeper).

Contributions

An employee may become a participant on the first of the month following the date the employee completes one year of eligible service (at least 1,000 hours) and attains the age of twenty-one. Contributions are subject to Internal Revenue Service (IRS) limitations on total annual contributions, as well as plan limitations which stipulate that up to 50% of eligible base compensation including tips and 100% of eligible bonuses, as defined in the Plan, may be contributed to various investment funds on a tax-deferred basis.

The Company matches in cash at a rate of 100% of the first 3% of pay and 50% of the next 2% of pay for a participant s compensation, as defined in the Plan, up to the maximum deferrable amount allowed by the Internal Revenue Code (IRC).

Eligible participants age 50 or older by the end of a calendar year are permitted to make catch-up contributions to the Plan up to the deferral amount allowed by the IRC.

Active hourly-tipped participants may elect to make voluntary after-tax contributions for each pay period under the Plan. The employee contributions may be made only from the participant s compensation representing tip income that is not paid through the Company s payroll and may contribute up to 100% of such tip income. An active participant may not make contributions for any period in which such person is not accruing hours of service with the Company.

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BRINKER INTERNATIONAL

401(k) SAVINGS PLAN

Notes to Financial Statements

Participants Accounts

Participant and Company matching contributions are invested in accordance with participants' elections in the following funds:

| Fund Options | Primarily invests in: |
|---|---|
| Fidelity Retirement Money Market Portfolio | Money market funds |
| PIMCO Total Return Fund | Intermediate-term mortgage, corporate, government and foreign bonds |
| Vanguard Inflation Protected Securities Fund | Intermediate-term government bonds |
| American Beacon Large Cap Value Fund | Equities of large-cap domestic companies |
| Fidelity Contrafund | Equities of domestic and foreign companies |
| American Funds EuroPacific Growth Fund | Equities of foreign companies |
| Neuberger Berman Genesis Fund | Equities of small and mid-cap companies |
| Buffalo Small Cap Fund | Equities of small-cap domestic companies |
| Spartan 500 Index Fund | Equities of companies included in the S&P 500 Index |
| Fidelity Freedom Funds | Fidelity equity, fixed-income and short-term mutual funds |
| Dreyfus/The Boston Company Small Cap Value Fund | Equities of small-cap domestic companies |
| Brinker Common Stock Fund | Brinker common stock and short-term investments |

Participants' accounts are adjusted with the proportionate share of gains or losses generated by their elected investment funds.

Vesting

Participants are immediately vested in both employee and employer matching contributions and the earnings thereon.

Forfeited Accounts

Forfeited account balances are used to reduce Company matching contributions. Forfeited accounts for the years ended December 31, 2011 and 2010 were not significant.

Payment of Benefits

Distributions under the Plan are made upon a participant's death, disability, retirement, or termination of employment. Benefit payments are made in the form of a single lump sum payment or a direct rollover into an Individual Retirement Account or another qualified plan.

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BRINKER INTERNATIONAL

401(k) SAVINGS PLAN

Notes to Financial Statements

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum amount equal to the lesser of \$50,000 or 50% of their vested account balance. A participant may have up to two loans outstanding at a time, however the total outstanding balance of all loans may not exceed the lesser of \$50,000 or 50% of the participant's vested account balance. Loan terms range from six months to 5 years or up to 15 years for the purchase of a primary residence. Maturities range from 2012 through 2026 as of December 31, 2011. The loans are secured by the participant's account and bear interest at a rate of 1% above the prime lending rate which is determined at the end of the month prior to the month in which the loan request is made. Interest rates on outstanding loans ranged from 4.25% to 10.50% during 2011 and 2010. Principal and interest payments are made through bi-weekly payroll deductions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared under the accrual method of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Administrative Expenses

The Company pays all administrative expenses related to the Plan.

Investment Valuation and Income Recognition

The Plan's money market funds, mutual funds and Company common stock are stated at fair value using quoted market prices. (See Note 3 for additional disclosures).

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Income from investments is recorded as earned on an accrual basis.

Notes Receivable from Participants

Notes receivable from participants are valued at the outstanding principal balance, which represents the exit value upon collection, either by repayment or by deemed distribution if not repaid.

Payment of Benefits

Benefits are recorded when paid.

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BRINKER INTERNATIONAL

401(k) SAVINGS PLAN

Notes to Financial Statements

Contributions

Participant and employer contributions are accrued in the period that payroll deductions are made from plan participants in accordance with salary deferral agreements and as such, become obligations of the Company and assets of the Plan.

Reclassifications

Certain reclassifications have been made to the 2010 financial statements to conform to the 2011 financial statement presentation as it relates to interest on notes receivable from participants. These reclassifications have no effect on the Plan's change in net assets available for benefits or net assets available for benefits as previously reported.

3. FAIR VALUE MEASUREMENTS

Accounting Standards Codification Topic 820 Fair Value Measurements and Disclosures (ASC 820) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a three-tier hierarchy that is used to identify assets and liabilities measured at fair value. The hierarchy focuses on the inputs used to measure fair value and requires that the lowest level input be used. The three levels defined in ASC 820 are as follows:

Level 1 observable inputs that are based upon quoted market prices for identical assets or liabilities within active markets.

Level 2 observable inputs other than Level 1 that are based upon quoted market prices for similar assets or liabilities, based upon quoted prices within inactive markets, or inputs other than quoted market prices that are observable through market data for substantially the full term of the asset or liability.

Level 3 inputs that are unobservable for the particular asset or liability due to little or no market activity and are significant to the fair value of the asset or liability. These inputs reflect assumptions that market participants would use when valuing the particular asset or liability.

The methodologies used to measure the fair value of each major category of assets and liabilities are as follows:

Money Market funds are valued based on the short-term cash component as of the measurement date and classified within Level 1 of the valuation hierarchy.

Mutual funds are valued at the total market value of the underlying assets provided by the trustee of the Plan and are classified within Level 1 of the valuation hierarchy.

Brinker common stock fund is valued at the combined market value of the underlying stock based upon the closing price of the stock on its primary exchange times the number of shares held and the short-term cash component as of the measurement date and

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classified within Level 1 of the valuation hierarchy.

These methodologies were consistently applied as of December 31, 2011 and 2010.

Table of Contents**BRINKER INTERNATIONAL****401(k) SAVINGS PLAN****Notes to Financial Statements**

The following table presents the fair value of financial instruments as of December 31, 2011 and 2010 by type of asset. The Plan has no assets or liabilities that are classified as Level 2 or Level 3 as of December 31, 2011 and 2010.

| | 2011 | 2010 |
|--|-----------------------|-----------------------|
| Money market | \$ 9,096,385 | \$ 8,455,620 |
| Mutual funds: | | |
| Mid/Large cap stocks | 57,832,899 | 56,967,208 |
| Small cap stocks | 20,976,081 | 21,581,651 |
| International stocks | 12,284,768 | 14,985,141 |
| Fixed income | 13,441,251 | 12,152,492 |
| Total mutual funds | 104,534,999 | 105,686,492 |
| Brinker common stock fund | 16,315,577 | 12,357,890 |
| Total investments at fair value | \$ 129,946,961 | \$ 126,500,002 |

4. INVESTMENTS

Individual investments that represent 5% or more of the Plan's net assets available for benefits as of December 31, 2011 and 2010 were as follows:

| | 2011 | 2010 |
|--|---------------|---------------|
| Investments at fair value: | | |
| Fidelity Contrafund | \$ 19,744,877 | \$ 20,599,290 |
| Brinker Common Stock Fund | 16,315,577 | 12,357,890 |
| Neuberger Berman Genesis Fund | 12,705,144 | 12,709,437 |
| American Funds EuroPacific Growth Fund | 12,284,768 | 14,985,141 |
| Pimco Total Return Fund | 11,123,108 | 11,002,099 |
| Fidelity Retirement Money Market Portfolio | 9,096,385 | 8,455,620 |
| Spartan 500 Index Fund | 7,452,472 | 7,259,026 |
| American Beacon Large Cap Value Fund | 7,110,724 | 7,473,087 |

(Depreciation)/Appreciation (including gains and losses on investments bought and sold, as well as held during the years) on investments was as follows:

| | 2011 | 2010 |
|---------------------------|---------------------|----------------------|
| Mutual funds | \$ (4,446,034) | \$ 11,345,132 |
| Brinker common stock fund | 3,609,707 | 3,750,636 |
| | \$ (836,327) | \$ 15,095,768 |

5. RELATED-PARTY TRANSACTIONS

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Certain Plan investments consist of common stock of the Company and mutual funds managed by the Trustee. Transactions involving these investments qualify as party-in-interest transactions. All of these party-in-interest transactions are exempt from the prohibited transaction rules.

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401(k) SAVINGS PLAN

Notes to Financial Statements

6. CONCENTRATION

At December 31, 2011 and 2010, the Brinker Common Stock Fund approximated \$16.3 million and \$12.4 million, respectively, and represented approximately 12.6% and 9.8%, respectively, of the Plan's total investments at fair value.

7. PLAN TERMINATION

Although it has no present intention to do so, the Company may terminate the Plan at any time subject to the provisions of ERISA.

8. INCOME TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated January 21, 2009, that the Plan and related trust are designed in accordance with applicable sections of the IRC. Although the Plan has been amended since receiving the determination letter, the Plan Administrator believes the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC. Therefore, the Plan Administrator believes the Plan is qualified and the related Trust is tax-exempt as of the financial statement date.

9. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits. It is not possible at this time to reasonably estimate the possible loss or range of loss, if any. We further caution that it is not possible to see all such factors, and you should not consider the identified factors as a complete list of all risks and uncertainties.

10. SUBSEQUENT EVENTS

In preparing the accompanying financial statements, management of the Plan has evaluated all subsequent events and transactions for potential recognition or disclosure through May 30, 2012, the date the financial statements were available for issuance.

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EIN: 75-2354902

PLAN # 001

BRINKER INTERNATIONAL**401(k) SAVINGS PLAN****Form 5500 Schedule H, line 4i Schedule of Assets (Held at End of Year)****December 31, 2011**

| (a) | (b) Identity of issue, borrower, lessor or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value | (d) Market Value |
|---------------|--|--|------------------------|
| Money market: | | | |
| * | Fidelity Retirement Money Market Portfolio | 9,096,385 shares | \$ 9,096,385 |
| Mutual funds: | | | |
| * | Fidelity Contrafund | 292,690 shares | 19,744,877 |
| | Neuberger Berman Genesis Fund | 263,592 shares | 12,705,144 |
| | American Funds EuroPacific Growth Fund | 349,695 shares | 12,284,768 |
| | PIMCO Total Return Fund | 1,023,285 shares | 11,123,108 |
| * | Spartan 500 Index Fund | 167,471 shares | 7,452,472 |
| | American Beacon Large Cap Value Fund | 403,102 shares | 7,110,724 |
| * | Fidelity Freedom 2040 Fund | 699,573 shares | 5,148,857 |
| | Buffalo Small Cap Fund | 177,334 shares | 4,420,946 |
| * | Fidelity Freedom 2035 Fund | 377,988 shares | 3,987,770 |
| | Dreyfus/The Boston Company Small Cap Value Fund | 171,187 shares | 3,849,991 |
| * | Fidelity Freedom 2025 Fund | 354,785 shares | 3,835,221 |
| * | Fidelity Freedom 2030 Fund | 291,623 shares | 3,744,444 |
| * | Fidelity Freedom 2020 Fund | 172,569 shares | 2,264,100 |
| * | Fidelity Freedom 2045 Fund | 194,417 shares | 1,689,488 |
| | Vanguard Inflation Protected Securities Fund | 102,710 shares | 1,449,238 |
| * | Fidelity Freedom 2010 Fund | 82,372 shares | 1,079,068 |
| * | Fidelity Freedom 2050 Fund | 125,437 shares | 1,071,231 |
| * | Fidelity Freedom 2015 Fund | 64,469 shares | 704,647 |
| * | Fidelity Freedom Income Fund | 55,583 shares | 624,756 |
| * | Fidelity Freedom 2005 Fund | 23,208 shares | 244,149 |
| | | | 113,631,384 |
| * | Brinker Common Stock Fund (Cost Basis \$11,375,870) | 609,574 shares | 16,315,577 |
| * | Participant Loans (Cost Basis \$0) | Interest rates from 4.25% to 10.50% and maturity dates from 2012 through 2026 | 7,250,083 |
| Total | | | \$ 137,197,044 |

* Party-in-interest

Cost column not required participant directed

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See accompanying report of independent registered public accounting firm.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

BRINKER INTERNATIONAL, INC.

401(k) SAVINGS PLAN AND TRUST

Date: May 30, 2012

By: /s/ Marie Perry
Marie Perry,
Plan Administrator