BRINKER INTERNATIONAL INC
Form DEF 14A
September 15, 2009

QuickLinks -- Click here to rapidly navigate through this document

**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

# SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

**Brinker International, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**6820 LBJ Freeway**
**Dallas, Texas 75240**
**(972) 980-9917**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**
**To Be Held October 29, 2009**

September 15, 2009

Dear Shareholder:

We invite you to attend the annual meeting of shareholders of Brinker International, Inc. to be held at 9:00 a.m. (CDT), on Thursday, October 29, 2009, at the Addison Conference Centre, located at 15650 Addison Road, Addison, Texas 75001. At the meeting, we will: (1) elect eight (8) directors for one-year terms; (2) vote on the ratification of the appointment of KPMG LLP as our independent auditors for the fiscal 2010 year; and (3) conduct any other business properly brought before the meeting.

Your Board of Directors has chosen September 1, 2009 as the date used to determine the shareholders who will be able to attend and vote at the annual meeting. If you own shares in Brinker, at the end of business on that day, you are invited to attend the annual meeting. Seating at the meeting will be limited to Brinker's shareholders, proxy holders and invited guests of Brinker. If you own your shares in your own name, please bring photo identification to the meeting. If you hold your shares through a bank, broker or other third party, please bring photo identification and a current statement from that party showing your ownership. Please note that cameras, recording equipment and other electronic devices will not be permitted at the meeting.

**Your vote is important.** Whether or not you plan to be present at the meeting, please take time to vote. If you decide not to attend the annual meeting, you may vote on these proposals by proxy. To do so, please cast your vote, as instructed in the Notice of Internet Availability of Proxy Materials you received, over the Internet or by telephone after your review of proxy materials at *www.proxyvote.com* (by using your 12-digit control number on the Notice of Internet Availability of Proxy Materials to access the website) or, upon your request, after receipt of hard copies of proxy materials. We ask that you cast your vote as promptly as possible. You may also request a paper copy of the proxy card to submit your vote, if you prefer. **We do encourage you to vote by Internet**. It is convenient and saves postage and processing costs. If you have voted by the Internet, by mail or by telephone and later decide to attend the annual meeting, you may come to the meeting and vote in person.

We look forward to seeing you at the meeting.

**Very truly yours,**

**Douglas H. Brooks**
Chairman of the Board, President
and Chief Executive Officer

**BRINKER INTERNATIONAL, INC.**

**PROXY STATEMENT**

**QUESTIONS AND ANSWERS ABOUT THE MEETING AND VOTING**

**Why did you send this Proxy Statement to me?**

The Board of Directors of Brinker International, Inc. (sometimes referred to here as "Brinker," "we," "us," "our," or the "Company") is soliciting the enclosed proxy to be used at the annual meeting of shareholders on October 29, 2009 at 9:00 a.m. (CDT), and at any adjournment or postponement of that meeting. The meeting will be held at the Addison Conference Centre, which is located at 15650 Addison Road, Addison, Texas 75001. The purpose of the meeting is to:

- elect eight (8) directors;
- vote on the ratification of the selection of KPMG LLP as our independent auditors for the 2010 fiscal year; and
- conduct any other business properly brought before the meeting or any adjournment or postponement thereof.

We posted this Proxy Statement and the accompanying proxy on or about September 15, 2009, to our website at *www.proxyvote.com*, and mailed notice on September 15, 2009 to all shareholders entitled to vote at the annual meeting.

**Why am I being asked to review materials on-line?**

Under rules adopted by the U.S. Securities and Exchange Commission ("SEC"), we are furnishing proxy materials to our shareholders on the Internet, rather than mailing printed copies of those materials to each shareholder. If you receive a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy materials unless you request one. Instead, the Notice of Internet Availability of Proxy Materials will instruct you as to how you may access and review the proxy materials on the Internet. If you received a Notice of Internet Availability of Proxy Materials by mail and would like to receive a printed copy of our proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials. We anticipate that the Notice of Internet Availability of Proxy Materials will be mailed to shareholders on or about September 15, 2009.

**How many votes do I have?**

If we had your name on record as owning stock in Brinker International, Inc. at the close of business on September 1, 2009, then you are entitled to vote at the annual meeting. You are entitled to one vote for each share of Brinker's common stock you own as of that date. At the close of business on August 12, 2009, 102,143,399 shares of the Company's common stock were outstanding and eligible to vote.

**How do I vote by proxy?**

Whether you plan to attend the annual meeting or not, we encourage you to follow the instructions on the Notice of Internet Availability of Proxy Materials. You may vote

- via Internet at *www.proxyvote.com* by using your 12-digit control number to access the site (you may find this number on your Notice of Internet Availability of Proxy Materials);
- by phone; and
- by requesting, completing and mailing a paper proxy card, as outlined in the Notice of Internet Availability of Proxy Materials;

1

**How do I attend the annual meeting in person?**

Seating at the annual meeting will be limited to Brinker's shareholders or their proxyholders and Brinker's invited guests. If you are a holder of record in your own name, please bring photo identification to the annual meeting. If you hold shares through a bank, broker or other third party, please bring photo identification and a current brokerage statement. Cameras, recording equipment and other electronic devices will not be permitted at the meeting. The annual meeting will begin promptly at 9:00 a.m. (CDT), so please plan to arrive accordingly.

**May I revoke my proxy?**

You may change your vote or revoke your proxy any time before the annual meeting by:

- returning another proxy card with a later date;
- sending written notification of revocation to the Corporate Secretary at our principal executive offices at 6820 LBJ Freeway, Dallas, Texas 75240;
- entering a later vote by telephone or over the Internet; or
- attending the annual meeting and voting in person.

You should be aware that simply attending the annual meeting will not automatically revoke your previously submitted proxy. If you desire to do so, you must notify an authorized Brinker representative at the annual meeting of your desire to revoke your proxy and then you must vote in person.

**Who pays for the solicitation of proxies and how are they solicited?**

We pay the entire cost of the solicitation of these proxies. This cost includes preparation, assembly, printing, and mailing of this Proxy Statement and any other information we send to you. We may supplement our efforts to solicit your proxy in the following ways:

- we may contact you using the telephone or electronic communication;
- our directors, officers, or other regular employees may contact you personally; or
- we may hire agents for the sole purpose of contacting you regarding the proxy.

If we hire soliciting agents, we will pay them a reasonable fee for their services. We will not pay directors, officers, or other regular employees any additional compensation for their efforts to supplement our proxy solicitation.

**Can I vote if my shares are held in "street name"?**

If the shares you own are held in "street name" by a bank or brokerage firm, your bank or brokerage firm, as the record holder of your shares, is required to vote your shares according to your instructions. In order to vote your shares, you will need to follow the directions your bank or brokerage firm provides you. If you do not give instructions to your bank or brokerage firm, it will still be able to vote your shares with respect to certain "routine" items, but will not be allowed to vote your shares with respect to certain "non-routine" items. In the case of non-routine items, the shares will be treated as "broker non-votes," which are not counted as cast and have no effect on the outcome of the vote. To be able to vote your shares held in street name at the meeting, you will need to obtain a proxy from your bank or brokerage firm.

**How do I vote if my shares are held in the Company's 401(k) Plan?**

If all or some of the shares you own are held through the Company's 401(k) Plan, you may vote via Internet or by phone by 11:59 p.m., EDT, on October 26, 2009 or the Company's agent must receive your paper proxy card on or before October 26, 2009.

2

**What is "householding"?**

If you and others in your household own your shares in street name, you may receive only one copy of this proxy statement and the annual report. This practice is known as "householding." If you hold your shares in street name and would like additional copies of these materials, please contact your bank or broker. If you receive multiple copies and would prefer to receive only one set of these materials, please also contact your bank or broker. Brinker does not currently use householding for owners of record and will send notice to all owners of record before using householding. By using this method, we give all owners of record the opportunity to continue to receive multiple copies of these materials in the same household.

**What constitutes a quorum?**

In order for business to be conducted at the meeting, a quorum must be present. A quorum consists of the holders of a majority of the shares of common stock issued, outstanding and entitled to vote at the meeting. Shares of common stock represented in person or by proxy (including broker non-votes and shares that abstain or do not vote with respect to one or more of the matters to be voted upon) will be counted for the purpose of determining whether a quorum exists. If a quorum is not present, the meeting will be adjourned until a quorum is obtained.

**What vote is required to approve each proposal?**

**Proposal 1: Elect Eight Directors**

The eight nominees for director who receive the most votes of all nominees for director will be elected. Votes withheld will therefore have no effect on the outcome of this proposal because only a plurality of votes actually cast is needed to elect a director.

**Proposal 2: Ratify Selection of Independent Auditors for the 2010 Fiscal Year**

The affirmative vote of a majority of the shares of common stock present or represented by proxy and voting at the meeting is required to approve this proposal. Abstentions are counted as votes cast and have the same effect as votes against the proposal. Broker non-votes have no effect on the outcome of the voting on this proposal.

**How will my proxy get voted?**

If you vote over the Internet or by telephone, or properly fill in and return a paper proxy card (if requested), the designated Proxies (Douglas H. Brooks and Marvin J. Girouard) will vote your shares as you have directed. If you submit a paper proxy card, but do not make specific choices, the designated Proxies will vote your shares as recommended by the Board of Directors as follows:

"FOR" election of the eight nominees for director; and

"FOR" ratification of KPMG LLP as our independent auditors for the 2010 fiscal year.

**How will voting on "any other business" be conducted?**

Although we do not know of any business to be considered at the annual meeting other than the proposals described in this Proxy Statement, if any additional business is properly brought before the annual meeting, your signed or electronically transmitted proxy card gives authority to the designated Proxies to vote on such matters in their discretion.

**Who will count the votes?**

We have hired a third party, Broadridge Financial Solutions, to judge voting, be responsible for determining whether or not a quorum is present and tabulate votes cast by proxy or in person at the Annual Meeting.

**Where can I find voting results of the meeting?**

We will announce general voting results at the meeting and publish final detailed voting results, at our choice, either in our quarterly report on Form 10-Q for the second quarter of fiscal year 2010 or in an earlier filed Form 8-K.

**May shareholders ask questions at the annual meeting?**

Yes, our representatives will answer your questions after the conclusion of the formal business of the meeting. In order to give a greater number of shareholders an opportunity to ask questions, we may impose certain procedural requirements, such as limiting repetitive or follow-up questions, limiting the amount of time for a question, or requiring questions to be submitted in writing.

**How do I submit a proposal for next year's annual meeting?**

If you have a proposal, other than a nomination for the Board of Directors, that you would like us to consider at the 2010 annual meeting of shareholders, you must submit your proposal to the Secretary of the Company no later than May 18, 2010 and must comply with the notice, information and other provisions contained in the Company's bylaws. If you would like your proposal to be included in our Proxy Statement and proxy relating to that meeting, it must also comply with the SEC rules, and you must submit it to us no later than May 18, 2010. Proposals should be sent to our executive offices at 6820 LBJ Freeway, Dallas, Texas 75240 in care of the Corporate Secretary.

**How do I submit a nomination for the Board of Directors?**

Any shareholder of the Company may recommend one or more individuals to be considered by the Governance and Nominating Committee of the Company's Board of Directors as a potential nominee or nominees for election as a director of the Company. If you wish to recommend one or more individuals for a position or positions on the Board of Directors, our bylaws require that you submit your recommendation, along with certain information about the candidate(s) to the Secretary of the Company. If you need a copy of the bylaws, you may obtain them free of charge from the Corporate Secretary or you may find them in the Company's public filings with the SEC. If you want to submit a recommendation for the Company's 2010 annual meeting of the shareholders, your submittal must be delivered to our principal executive offices at 6820 LBJ Freeway, Dallas, Texas 75240 to the attention of the Corporate Secretary on or before May 18, 2010.

**How can I communicate with the Board of Directors?**

If you or any interested party wishes to communicate with the Board of Directors, as a group, or with an individual director, such communication may be directed to the appropriate group or individual in care of the General Counsel, Brinker International, Inc., 6820 LBJ Freeway, Dallas, Texas 75240. Your Board of Directors has instructed the General Counsel to review and forward such communications to the appropriate person or persons for response.

**How can I access Brinker's proxy materials and annual report electronically?**

You can access the Company's proxy statement, 2009 Annual Report on Form 10-K and FY 2009 Annual Report at www.brinker.com. You may simply click on the "For Investors" tab on the home page, and then the "Financial Information" link in the left column; the SEC filings section of our website will be available for your usage. We will also provide you free copies of these documents by sending a written request to the Company's Corporate Secretary at 6820 LBJ Freeway, Dallas, Texas 75240. If you received a Notice of Internet Availability of Proxy Materials, you may also access this information at the website described in the Notice. The FY 2009 Annual Report and the Form 10-K accompany this proxy statement, but are not considered part of the proxy soliciting materials.

## PROPOSAL 1

## ELECTION OF DIRECTORS

Your proxy will be used to vote **FOR** the election of the Nominees named below unless you withhold the authority to do so when you send in your proxy. If any Nominee becomes unavailable for election as a result of an unexpected occurrence, we would use your shares to vote for a substitute Nominee that the Board of Directors would propose. Each person nominated for election has agreed to serve if elected, and we have no reason to believe that any Nominee will be unavailable to serve. All Nominees are currently serving as directors of the Company and all were elected by the shareholders at the 2008 annual meeting of shareholders.

### Information About Nominees

We are furnishing you below certain information about each of the eight persons nominated as directors:

**Douglas H. Brooks**, 57, is Chairman of the Board of the Board of Directors, having been elected to the position in November 2004, and has served as Chief Executive Officer of the Company since January 2004, and as President of the Company since January 1999. Previously, Mr. Brooks served as Chili's Grill & Bar President from June 1994 to May 1998, Executive Vice President of the Company from May 1998 until January 1999, and Chief Operating Officer from May 1998 until June 2003. Mr. Brooks joined the Company as an Assistant Manager in 1978 and was promoted to General Manager later that year. He was named Area Supervisor in 1979, Regional Director in 1982, Senior Vice President Central Region Operations in 1987, and Senior Vice President Chili's Operations in 1992. He held this position until becoming President of Chili's in 1994. Mr. Brooks serves on the Board of Directors of Limbs for Life and is a member of the Professional Advisory Board for St. Jude Children's Research Hospital. Mr. Brooks has served on the Board of Directors since 1999 and is a member of the Executive Committee.

**Harriet Edelman,** 53, is the former Senior Vice President and Chief Information Officer of Avon Products, Inc., serving in this position from January 2000 through March 2008, and as Senior Vice President, Global Supply Chain from May 1996 to January 2000. Ms. Edelman serves on the Board of Directors of Ariba, Inc. and serves as Advisor to the Chairman for New York Private Bank & Trust. She also serves on the Board of Directors of the Police Athletic League of New York and the National Board of Directors of the Girl Scouts of the USA. Ms. Edelman has served on the Board of Directors since March 2008 and is a member of the Audit and Compensation Committees of the Company.

**Marvin J. Girouard**, 70, is the retired Chairman and Chief Executive Officer of Pier 1 Imports, Inc., having served as Chairman from February 1999 to February 2007 and Chief Executive Officer from June 1998 to February 2007. Mr. Girouard previously served as Pier 1 Imports' Chief Operating Officer from 1988 to 1998 and as President from 1988 until February 1999. Mr. Girouard joined Pier 1 Imports in 1975 and served on its Board of Directors since 1988 until 2007. He is an honorary member of the Board of Directors for the United States Committee for UNICEF The United Nations Children's Emergency Fund. Mr. Girouard has served on the Board of Directors since 1998, serves as the Lead Director of the Board, and is a member of the Audit, Compensation and Executive Committees of the Company.

**John W. Mims,** 50, is the Chief Marketing and Sales Officer for Millennium & Copthorne Hotels Worldwide. Previously he founded The Hunting Ridge Group, LLC, where he was Managing Partner. Mr. Mims served as Senior Vice President of Worldwide Sales for Starwood Hotels and Resorts Worldwide, Inc. from November 2003 to October 2006, and as Vice President, Sales and Marketing, Asia Pacific Division from May 2001 to November 2003. He previously worked with PepsiCola International in their Southeast Asia operations, most recently as Director International Modern Trade from 1999 to 2000. Mr. Mims serves on the board of Entertainment Cruises. Mr. Mims has served on the Board of Directors since February 2007 and is a member of the Compensation and Governance and Nominating Committees of the Company.

**George R. Mrkonic**, 57, is the Retired President and Vice Chairman of Borders Group, Inc., having previously served as a Director of Borders Group, Inc. from 1994 to 2004, Vice Chairman from December 1994 until January 2002 and President from December 1994 until January 1997. Mr. Mrkonic also serves as a Director for Pacific SunWear of California, Inc., Autozone, Inc., and Syntel, Inc. Mr. Mrkonic has served on the Board of Directors since September 2003 and is a member of the Audit and the Compensation Committees of the Company.

**Erle Nye**, 72, is Chairman Emeritus of TXU Corp. since May 2005, having served as Chairman of the Board from 2004 to 2005, Chairman of the Board and Chief Executive from 1997 to 2004, President and Chief Executive from 1995 to 1997, and President from 1987 to 1995. Mr. Nye served on the Board of Directors of TXU Corp. from 1987 to 2005. Mr. Nye serves on the board of S&C Electric Company and on its Audit Committee. Mr. Nye also serves on the boards of many professional, civic and charitable organizations, including the University of Texas Investment Management Company where he serves as Chairman. Mr. Nye has served on the Board of Directors since November 2002 and is a member of the Audit and Governance and Nominating Committees of the Company.

**Rosendo G. Parra,** 49, is a partner and founder of Daylight Partners since December 2007. Previously, Mr. Parra served as Senior Vice President for the Home and Small Business Group of Dell, Inc. from June 2006 to April 2007, as Senior Vice President and General Manager, Dell Americas from April 2002 until June 2006, Senior Vice President and Co-General Manager, Worldwide Home and Small Business Group from April 2001 until April 2002, Senior Vice President, Americas Public and Americas International from September 1998 until April 2001, Vice President, Public and Americas International, from February 1997 until September 1998, Group Vice President, Sales, Marketing and Service, from June 1994 until February 1997, and Vice President, Dell USA from August 1993 until June 1994. Mr. Parra also serves as a Director for NII Holdings, Inc. Mr. Parra has served on the Board of Directors since December 2004 and is a member of the Compensation and Governance and Nominating Committees of the Company.

**Cece Smith**, 64, is the retired Managing General Partner of Phillips-Smith-Machens Venture Partners, a venture capital firm which invested in retail and consumer businesses that she co-founded in 1986. Previously, Ms. Smith held senior management positions with Pearle Health Services and S&A Restaurant Corp. Ms. Smith currently serves as a Director of Pier 1 Imports, Inc. and is on the Executive Boards of the Dallas Symphony Association and the Edwin L. Cox School of Business at Southern Methodist University. Ms. Smith has served on the Board of Directors since January 2002 and is a member of the Audit and Governance and Nominating Committees of the Company.

**YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE *FOR* EACH OF THE NOMINEES FOR DIRECTOR.**

## PROPOSAL 2

## RATIFICATION OF INDEPENDENT AUDITORS

The Audit Committee of the Board of Directors selected KPMG LLP as our independent auditors for fiscal 2010. Although we are not required to submit this matter to you, the Board of Directors believes that it is good corporate governance to do so. This proposal asks you to ratify this selection. If the appointment of KPMG LLP is not ratified by you, the Audit Committee will reconsider the appointment. Representatives of KPMG LLP are expected to be present at the annual meeting. They will have the opportunity to make a statement if they so desire and they will be available to respond to appropriate questions that you may have.

**Audit Fees**

The following table sets forth the aggregate fees billed, or estimated to be billed, to us for the fiscal years ended June 24, 2009 and June 25, 2008, by our independent auditors, KPMG LLP:

| Fiscal Year | Annual Audit Fees(1) | Audit-Related Fees(2) | Tax Fees(3) | All Other Fees |
|---|---|---|---|---|
| 2009 | $789,500 | $5,000 | $150,000 | $0 |
| 2008 | $889,650 | $3,000 | $107,300 | $0 |

(1) For fiscal 2009, annual audit fees related to professional services rendered for the audit of our annual consolidated financial statements, reviews of our quarterly consolidated financial statements, the audits of management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting ($748,200), subsidiary and statutory audits ($35,800), and the issuance of consents for franchise circulars ($5,500).

For fiscal 2008, annual audit fees related to professional services rendered for the audit of our annual consolidated financial statements, reviews of our quarterly consolidated financial statements, the audits of management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting ($813,350), subsidiary and statutory audits ($70,800), and the issuance of consents for franchise circulars ($5,500).

(2) For fiscal 2009, audit-related fees related to the consent to the Form S-8 for Securities to be Offered to Employees Pursuant to Employee Benefit Plans.

For fiscal 2008, all audit-related fees for KPMG were related to its consent to the current year's Form 11K, as we selected Whitley Penn LLP to audit the Company's 401(k) Savings Plan.

(3) For fiscal 2009 and 2008, all tax fees were for review of tax returns and consultations regarding tax accounting method changes.

The Audit Committee has established policies and procedures for the approval and pre-approval of audit services and permitted non-audit services. The Audit Committee has the responsibility to do the following:

- to engage and terminate our independent auditors;
- to pre-approve their audit services and permitted non-audit services;
- to approve all audit and non-audit fees; and
- to set guidelines for permitted non-audit services and fees.

All of the fees for fiscal 2009 and 2008 were pre-approved by the Audit Committee or were within pre-approved guidelines for permitted non-audit services and fees established by the Audit Committee. For fiscal year 2009, the Audit Committee set a pre-approved maximum total fee expenditure for unscheduled, on-going audit and tax services with KPMG LLP of $200,000. In addition, if the fee for a particular item would exceed $40,000, Audit Committee approval would be required. There were no instances of waiver of approval requirements or guidelines during either fiscal year.

**YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE *FOR* THE RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS OUR INDEPENDENT AUDITORS FOR FISCAL 2010.**

## INFORMATION ABOUT THE BOARD OF DIRECTORS AND GOVERNANCE OF THE COMPANY

### Director Independence

The Board reviews the independence of each non-employee director annually to confirm that the director continues to meet our standards as well as the requirements of the New York Stock Exchange ("NYSE") and the rules of the SEC. No member of the Board will be considered independent unless the Board determines that he or she has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). The Board will not determine any director to be independent if he or she has or has had any of the relationships set forth in the NYSE rules during the time periods specified in such rules. The Board will describe in the proxy statement the basis for determining whether any relationship is immaterial.

The Board of Directors has affirmatively determined each of the following directors is an "independent" director as such term is defined and as required by our Corporate Governance Guidelines, and the requirements of the SEC and NYSE.

| | |
|---|---|
| Harriet Edelman | Erle Nye |
| Marvin Girouard | Rosendo G. Parra |
| John Mims | Cece Smith |
| George Mrkonic | |

The only member of the Board who is not independent is Douglas H. Brooks. Mr. Brooks, as CEO and President of the Company, is the only employee member of the Board. The Board has further determined that no material relationship exists between us and each non-employee director outside of their service as a member of the Board of Directors. In this proxy statement we may refer to these directors individually as an "Independent Director" and collectively as the "Independent Directors."

### Board Structure

The Board of Directors does not have classes where a director serves multi-year terms. Each director serves for a one year term and is subject to re-election by you each year. Prior to recommending a director for nomination for re-election, the Governance and Nominating Committee considers many things including:

- the quality of past director service, and attendance at Board of Directors and Committee meetings;
- whether the director continues to possess the qualities and capabilities considered necessary or desirable for director service;
- input from other members of the Board of Directors concerning the performance of that director through a peer review process; and
- the independence of the director.

A non-employee director is expected to serve at least four one-year terms (subject to annual renomination and re-election). Presently, Messrs. Girouard, Mrkonic, Nye and Parra and Ms. Smith have served for more than four one-year terms.

Mr. Ron Kirk resigned from the Board of Directors on March 18, 2009 following his appointment as U.S. Trade Representative. Mr. James E. Oesterreicher is leaving the Board of Directors at the end of his current term on October 28, 2009 after 15 years of service.

**Committees of the Board of Directors**

The Board of Directors has the following standing committees and current committee composition:

| Board Members | Executive Committee | Audit Committee | Compensation Committee | Governance & Nominating Committee |
|---|---|---|---|---|
| Douglas H. Brooks* | C | | | |
| Marvin J. Girouard** | M | M | M | |
| Harriet Edelman | | M | M | |
| John Mims | | | M | M |
| George R. Mrkonic | | M | C | |
| Erle Nye | | M | | M/C*** |
| James E. Oesterreicher**** | M | | M | |
| Rosendo Parra | | | M | M |
| Cece Smith | | C | | M |
| Meetings During FY '09 | 0 | 9 | 5 | 4 |

C Committee Chair
M Member

* Chairman of the Board

** Lead Director

*** Mr. Nye succeeded Mr. Kirk as the Chairman of the Governance and Nominating Committee on March 18, 2009.

**** Mr. Oesterreicher is leaving the Board of Directors on October 28, 2009.

The charters for each of these committees, as well as our Corporate Governance Guidelines, are available at no charge to you in the Corporate Governance section of our internet website (*http://www.brinker.com/investors/Corporate_Governance.asp*) or by written request directed to us, at 6820 LBJ Freeway, Dallas, Texas 75240, Attention: Corporate Secretary.

The Board of Directors has affirmatively determined that each member of the Audit, Compensation, and Governance and Nominating Committees meets the independence requirements applicable to those committees required by the NYSE and the SEC.

The Executive Committee reviews material matters between Board meetings, provides advice and counsel to our management, and has the authority to act for the Board on most matters between Board meetings. In addition, the Executive Committee is also charged with assuring that we have a satisfactory succession management plan for all key management positions.

The role of the Audit Committee is provided to you in the "Report of the Audit Committee" later in this Proxy Statement. The Board of Directors has determined that Ms. Smith is an "audit committee financial expert" as such term is defined in the SEC's Regulation S-K.

A discussion of the specific nature of the Compensation Committee's responsibilities and compensation philosophy as they relate to our executive officers is provided to you in the "Compensation Discussion and Analysis" and "Report of the Compensation Committee" later in this Proxy Statement.

The Governance and Nominating Committee performs the following functions:

- recommends to the Board of Directors potential members to be added as new or replacement members to the Board of Directors;

9

recommends to the Board of Directors the nominees for election to the Board of Directors at the annual shareholders meeting;

reviews, and makes recommendation to the Board of Directors regarding, the compensation paid to non-management Board members;

recommends corporate governance guidelines to the full Board of Directors;

reviews the applicable legal standards for "independence" and the criteria applied to determine "audit committee financial expert" status; and

reviews the answers to annual questionnaires completed by each of the Independent Directors.

On the basis of this year's review, the Governance and Nominating Committee delivered a report to the full Board of Directors and the Board of Directors made its "independence" and "audit committee financial expert" determinations.

**Board Member Meeting Attendance**

During the fiscal year ended June 24, 2009, the Board of Directors held nine meetings. Each director attended at least 75% of the aggregate total of meetings of the Board of Directors and Committees on which he or she served. Also, all members of the Board of Directors attended the Company's 2008 annual meeting of shareholders. Such attendance allows for direct interaction between you and members of the Board of Directors.

**Lead Director**

The Independent Directors selected Mr. Girouard from their group to serve as the "Lead Director" of the Board. As Lead Director, Mr. Girouard chairs each meeting of the Independent Directors (an "Executive Session"). The Independent Directors generally meet in Executive Session at each Board meeting.

As the Lead Director of the Board, Mr. Girouard's duties include:

presiding at all meetings of the Board of Directors when the Chairman of the Board is not present;

serving as liaison between the Chairman of the Board and the Independent Directors;

approving information sent to the Board of Directors;

approving meeting agendas and schedules for the Board of Directors;

having the authority to call a meeting of the Independent Directors; and

being available for consultation and direct communication with major shareholders.

**Directors' Compensation**

The Governance and Nominating Committee annually reviews and periodically benchmarks the Board's compensation to assure that non-employee directors are being fairly and reasonably compensated in relation to the restaurant industry and to comparable U.S. companies.

The same proxy peer group is used for the Board as is used for our named executive officers (which is identified in more detail in the Benchmarking section of the Compensation Discussion and Analysis in this Proxy Statement). For fiscal 2010, non-employee directors of the Company will receive the following compensation:

- an annual retainer of $50,000, which, at the director's choosing, will be paid or granted in any combination of cash or restricted stock units as they may elect (with the director receiving a 25% match in restricted stock units for the portion of his or her annual compensation which they elect to take in restricted stock units);

- an annual grant of restricted stock units, valued at approximately $110,000. Approximately 25% of the value will be granted with a distribution date of four years from the date of grant. The remaining 75% of the value will be granted with a distribution date of, at the director's choice made prior to grant, (i) four years after date of grant, (ii) the director's departure from the Board, (iii) one year following the director's departure from the Board, or (iv) two years following the director's departure from the Board;

- $2,000 for each meeting of the Board of Directors attended; and

- $2,000 for each meeting of any Committee of the Board of Directors attended.

Providing a combination of equity and cash incents our directors to focus on long-term performance and shareholder value while still recognizing their energy and effort throughout the year. Each director has a choice among cash and restricted stock units for their annual retainer thus allowing each director to receive his/her compensation in a manner that best fits his/her individual needs. However, the Board and we believe it is important that each director maintain an equity stake in our company; therefore, an incentive is provided for any portion of the annual retainer taken in equity.

Committee Chairs, the Audit Committee financial expert, and our Lead Director receive a supplementary retainer for accepting the additional responsibilities:

- Chair of the Audit Committee receives a retainer of $10,000;

- Audit Committee financial expert receives a retainer of $10,000, unless the individual is also the Chair of the Audit Committee, in which case the total retainer is $10,000;

- Chair of each of the Compensation and Governance and Nominating Committees receives a retainer of $7,500;

- Chair of the Executive Committee, if a non-management Director, receives a retainer of $7,500;

- Lead Director of the Board receives a retainer of $25,000.

We also reimburse directors for costs incurred by them in attending meetings of the Board. Equity grants are made on the later of the sixtieth day following the Board of Directors' meeting held on the same day as the annual shareholders meeting or the first business day of the calendar year following the annual shareholders meeting. Previously we granted directors their choice of restricted stock (which was or will be distributed four years from the date of grant) or restricted stock units (which were or will be distributed following a director's departure from the Board). For fiscal 2010, we will no longer grant restricted stock to directors, instead they will receive restricted stock units for all of their equity compensation.

**Fiscal 2009 Director Compensation Table**

| Name(1) | Fees Earned or Paid in Cash ($)(2) | Stock Awards ($)(3) | Option Awards ($) | Non-Equity Incentive Plan Compensation ($) | Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) | All Other Compensation ($)(4) | Total ($) |
|---|---|---|---|---|---|---|---|
| Marvin J. Girouard(5) | 121,000 | 115,811 | | | | 111 | 236,922 |
| Cece Smith(5) | 98,000 | 115,811 | | | | 129 | 213,940 |
| George R. Mrkonic(5) | 97,500 | 115,811 | | | | 70 | 213,381 |
| Erle Nye(5) | 91,750 | 113,323 | | | | 657 | 205,730 |
| James E. Oesterreicher(5) | 82,000 | 103,316 | | | | 178 | 185,494 |
| Rosendo Parra(5) | 84,000 | 115,811 | | | | 1,079 | 200,890 |
| John Mims(5) | 82,000 | 115,811 | | | | 404 | 198,215 |
| Harriet Edelman(5) | 86,000 | 103,316 | | | | 319 | 189,635 |

(1)

Mr. Brooks was omitted from the Director Compensation Table since he does not receive compensation for serving on our Board. His compensation is reflected in the Summary Compensation Table of this Proxy Statement. Mr. Kirk was omitted from the Director Compensation Table since he resigned from the Board on March 18, 2009 upon appointment as U.S. Trade Representative.

(2)

Reflects the aggregate dollar amount of all fees each director earned in Fiscal 2009 (whether paid in cash or granted in the form of equity) for service as a director, including annual retainer, committee chair fees, meeting and lead director fees. Directors had the option to receive any portion of their $50,000 annual retainer in restricted stock or restricted stock units. We provide a 25% match in kind on any portion of the annual retainer converted to shares. For restricted stock, dividends are paid to directors at the same time as all other shareholders. For restricted stock units, dividends are accumulated and paid upon distribution.

(3)

Directors were granted 9,200 restricted shares for fiscal 2009. They had the option to take the shares as restricted stock (which will be distributed on January 2, 2013) or restricted stock units (which are distributed upon the director's retirement from the Board).

Messrs. Girouard, Mims, Mrkonic and Parra, and Ms. Smith elected to receive their entire retainer in stock.

Mr. Nye elected to receive 80% of his annual retainer in stock.

The amounts shown represent the compensation costs for financial reporting purposes in fiscal 2009 of the stock awards granted to the directors in fiscal 2009, as determined pursuant to SFAS 123(R). These amounts do not include any reduction in value for the possibility of forfeiture.

(4)

Our directors receive a complimentary dining card for use in our restaurants. The dining card value used by each director was less than $10,000. Therefore, the values in this column are the tax gross up that was paid to each director.

(5)

The following table details the Board of Directors outstanding equity. All of our restricted shares are non-forfeitable when granted and are not reported in the table. Mr. Brooks is omitted from this table as his outstanding equity is reflected in the Outstanding Equity Awards Table of this Proxy Statement. Mr. Mims and Ms. Edelman are not listed on this table because all of their equity ownership is held in restricted stock or restricted stock units and they do not hold any stock options.

**Directors Outstanding Equity Awards at 2009 Fiscal Year End**

| Name | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Option Exercise Price ($) | Option Expiration Date |
|---|---|---|---|---|
| Marvin J. Girouard | 7,500 | 3,750 | 25.66 | 01/04/2016 |
| | 6,000 | | 23.27 | 01/03/2015 |
| | 6,000 | | 22.17 | 01/12/2014 |
| | 21,000 | | 21.87 | 01/13/2013 |
| | 4,500 | | 20.04 | 01/14/2012 |
| | 1,746 | | 15.97 | 01/02/2011 |
| Cece Smith | | | | |
| | 10,000 | 5,000 | 25.66 | 01/04/2016 |
| | 6,000 | | 23.27 | 01/03/2015 |
| | 6,000 | | 22.17 | 01/12/2014 |
| | 6,000 | | 21.87 | 01/13/2013 |
| | 34,500 | | 20.04 | 01/14/2012 |
| George R. Mrkonic | | | | |
| | 5,000 | 2,500 | 25.66 | 01/04/2016 |
| | 6,000 | | 23.27 | 01/03/2015 |
| | 6,000 | | 22.17 | 01/12/2014 |
| | 30,000 | | 21.53 | 11/10/2013 |
| Erle Nye | | | | |
| | 7,500 | 3,750 | 25.66 | 01/04/2016 |
| | 6,957 | | 23.27 | 01/03/2015 |
| | 7,005 | | 22.17 | 01/12/2014 |
| | 37,950 | | 21.87 | 01/13/2013 |
| James E. Oesterreicher | | | | |
| | 7,500 | 3,750 | 25.66 | 01/04/2016 |
| | 6,000 | | 23.27 | 01/03/2015 |
| | 6,000 | | 22.17 | 01/12/2014 |
| | 21,000 | | 21.87 | 01/13/2013 |
| | 5,279 | | 20.04 | 01/14/2012 |
| Rosendo Parra | | | | |
| | 2,500 | 1,250 | 25.66 | 01/04/2016 |
| | 36,872 | | 25.57 | 02/08/2015 |

**Communications with the Board of Directors**

If you or any other interested party wishes to communicate with the Board of Directors as a group or with an individual director, including the Lead Director, you or the interested party may direct such communications to the intended recipient in care of the General Counsel, 6820 LBJ Freeway, Dallas, Texas 75240. The communication must be clearly addressed to the specific group or director. Your Board of Directors has instructed the General Counsel to review and forward any such correspondence to the appropriate person or persons for response.

**Qualifications to Serve as Director**

Each candidate for director must possess at least the following specific minimum qualifications:

1. Each candidate shall be prepared to represent the best interests of all the Company's shareholders and not just one particular constituency.

2. Each candidate shall have demonstrated integrity and ethics in his/her personal and professional life and have established a record of professional accomplishment in his/her chosen field.

3. No candidate shall have any material personal, financial or professional interest in any present or potential competitor of the Company.

4. Each candidate shall be prepared to participate fully in activities of the Board of Directors, including active membership on at least one Committee of the Board of Directors and attendance at, and active participation in, meetings of the Board of Directors and the Committee(s) of the Board of Directors of which he or she is a member, and not have other personal or professional commitments that would, in the Governance and Nominating Committee's sole judgment, interfere with or limit his or her ability to do so.

5. In addition, the Governance and Nominating Committee also desires that candidates possess the following qualities or skills:

   (a) Each candidate shall contribute to the overall diversity of the Board of Directors diversity being broadly construed to mean a variety of opinions, perspectives, personal and professional experiences and backgrounds, such as gender, race and ethnicity differences, as well as other differentiating characteristics.

   (b) Each candidate should contribute positively to the existing chemistry and collaborative culture among the members of the Board of Directors.

   (c) Each candidate should possess professional and personal experiences and expertise relevant to the Company's business. Relevant experiences might include, among other things, large company CEO experience, senior level multi-unit restaurant or retail experience, and relevant senior level experience in one or more of the following areas finance, accounting, sales and marketing, organizational development, information technology and public relations.

Although not an automatic disqualifying factor, the inability of a candidate to meet the independence and other governing standards of the NYSE or the SEC will be a significant negative factor in any assessment of a candidate's suitability.

**Internal Process of Identifying Candidates**

The Governance and Nominating Committee uses a variety of means for identifying potential nominees for director, including the use of outside search firms and recommendations from current members of the Board of Directors and from shareholders. In determining whether to nominate a candidate, the Governance and Nominating Committee considers the current composition and capabilities of serving board members, as well as additional capabilities considered necessary or desirable in light of existing and future Company needs. One or more of the members of the Governance and Nominating Committee may interview, or have an outside search firm interview, a prospective candidate who is identified as having high potential to satisfy the expectations, requirements, qualities and responsibilities for membership on the Board of Directors. Prospective candidates may also be interviewed by other directors who are not members of the Governance and Nominating Committee. Reports from those interviews or from Governance and Nominating Committee members with personal knowledge and experience with the candidate, resumes, information provided by other contacts and other information deemed relevant by the Governance and Nominating Committee are then considered in determining whether a candidate shall be nominated. The Governance and Nominating Committee also exercises its independent business judgment and discretion in evaluating the suitability of a candidate for nomination.

**Nomination Rights of Shareholders**

As a shareholder, you may recommend one or more candidates to be considered by the Governance and Nominating Committee as a potential nominee or nominees for election as director of the Company at an annual meeting of shareholders. To do so, you must comply with the notice, information and consent provisions contained in the Company's Bylaws (current copies of the Company's Bylaws are available at no charge from the Secretary of the Company and may also be found in our public filings with the SEC). In order for the candidate recommendation to be timely for the Company's 2010 annual meeting of shareholders, your notice to the Secretary of the Company must be delivered to our principal executive offices no later than May 18, 2010. Any such recommendations received by the Secretary will be presented to the Governance and Nominating Committee for consideration. All candidates (whether identified internally or by a shareholder) who, after evaluation based upon the criteria and process described in "Internal Process of Identifying Candidates" above, are then recommended by the Governance and Nominating Committee and, if approved by the Board of Directors, will be included in our recommended slate of director nominees in our proxy statement.

**Code of Ethics**

We have adopted a code of ethics that applies to all members of the Board of Directors and our team members. You may obtain a copy of the code free of charge in the Corporate Governance section of our internet website (*http://www.brinker.com/investors/Corporate_Governance.asp*) or by written request directed to us, at 6820 LBJ Freeway, Dallas, Texas 75240, Attention: General Counsel.

**EXECUTIVE OFFICERS**

The Board of Directors generally elects executive officers annually at its final meeting preceding the annual meeting of shareholders. We have provided you below certain information about our executive officers. You may find information about Mr. Brooks in the prior section captioned "Election of Directors  Information About Nominees."

**Valerie L. Davisson**, 47, is Executive Vice President and Chief PeopleWorks Officer, having been elected to this position in June 2007. Ms. Davisson previously served as Executive Vice President of People Works, elected in June 2005, and as Senior Vice President of Human Resources since June 2004. Before joining the Company, Ms. Davisson served as Vice President, Human Resources for Yum! Brands, Inc. from January 2003 to June 2004, Vice President, Field Human Resources for Kentucky Fried Chicken from July 2002 to January 2003, Senior Director, Global Staffing for Yum! Brands, Inc from January 2000 to July 2002, and Director, Field Human Resources for Pizza Hut from December 1998 to January 2000.

**Todd E. Diener**, 52, is Executive Vice President and Chili's Grill & Bar and On The Border Mexican Grill and Cantina President, having been appointed to this position in March 2009, having previously served as Executive Vice President and Chili's Grill & Bar President since June 2005, Executive Vice President and Chief Operating Officer since June 2003, Senior Vice President and Chili's Grill & Bar President since May 1998, and Senior Vice President and Chief Operating Officer of Chili's since July 1996. Mr. Diener joined the Company as a Chili's Manager Trainee in 1981 and was promoted to General Manager in 1983, Area Director in 1985, and Regional Director in 1987. Mr. Diener became Regional Vice President in 1989, a position he held until July 1996.

**John Reale**, 55, is Senior Vice President and Global Business Development President, having been appointed to this position in January 2009, having previously served as Senior Vice President and Interim President of Romano's Macaroni Grill since August 2007, Senior Vice President and Chief Operating Officer for Global Business Development since June 2007, Chief Operating Officer for Romano's Macaroni Grill since January 2005, and Regional Vice President for Romano's Macaroni Grill since February 2004. Previously, Mr. Reale was with Carlson Restaurants Worldwide from March 1995 until February 2004, most recently serving as Vice President of International Business. Mr. Reale was with Ground Round, Inc. from 1979 through 1995.

**Wyman T. Roberts**, 50, is Senior Vice President, Maggiano's Little Italy President, and Chief Marketing Officer, having been appointed to this position in March 2009, having previously served as Senior Vice President and Maggiano's Little Italy President since August 2005. Mr. Roberts previously served as Executive Vice President and Chief Marketing Officer for NBC's Universal Parks & Resorts from December 2000 until August 2005. Mr. Roberts was previously employed by Darden Restaurants, Inc. for 16 years where he most recently served as Executive Vice President, Marketing.

**Charles M. Sonsteby**, 56, is Executive Vice President and Chief Financial Officer, having been elected to this position in May 2001. Mr. Sonsteby joined the Company as Director of the Company's Tax, Treasury and Risk Management departments in 1990. In 1994 he was named Vice President and Treasurer and was promoted to Senior Vice President of Finance in 1997, a position he held until May 2001. Mr. Sonsteby is also a member of the Board of Directors of Zale Corporation.

**Roger F. Thomson**, 60, is Executive Vice President, Chief Administrative Officer, General Counsel and Secretary, having been elected to this position in June 1996. Mr. Thomson joined the Company as Senior Vice President, General Counsel and Secretary in 1993 and was promoted to Executive Vice President, General Counsel and Secretary in 1994. Mr. Thomson served as a Director of the Company from 1993 until 1995.

**Michael B. Webberman**, 49, is Executive Vice President of Brand Solutions, having been elected to this position in June 2003. Mr. Webberman joined the Company in 1989 as a Senior Financial Analyst for Chili's. He was promoted to Vice President of Operations Analysis in 1996 and Vice President of Planning and Analysis in 2000. Mr. Webberman was named Senior Vice President of Concept Services in April 2001.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

Throughout this discussion we make reference to terms that are used internally to define our team member population. These team member groupings are described below:

- "named executive officers" (NEOs) our five most highly compensated executives detailed in this discussion;
- "Brinker Leadership Team" this is our key leadership group of our CEO and our CEO's direct executive reports (which include our executive vice presidents, our brand presidents and our head of global development);
- "senior vice presidents and above" the group of our executive officers, who are designated as Section 16 reporting officers, for whom the Committee specifically reviews and approves compensation. This group includes the Brinker Leadership Team as well as other key executive officers within our Company;
- "RSC team member" any of our team members who work in a support role at our restaurant support center (RSC), not specifically for one of our restaurant brands; and
- "brand team member" any of our team members who work for a particular restaurant brand.

***Structure and Role of the Compensation Committee***

The Compensation Committee ("Committee") is comprised entirely of Independent Directors who are responsible for aligning our compensation programs with our compensation philosophy of rewarding performance. Specifically, the Committee reviews and approves any compensation decisions regarding senior vice presidents and above (with input from the CEO), including the CEO (who also is Chairman of the Board). The CEO does not provide input on his own compensation to the Committee. Further information about the duties of the Committee can be found in the Compensation Committee Charter, which can be found on our website at *http://brinker.com/corp_gov/comp_committee.asp*. To make certain the Committee is able to effectively carry out its responsibilities, it takes the following actions:

- Retains an independent consultant (currently Pearl Meyer & Partners) to advise on executive compensation.
- Benchmarks, with the assistance of an outside, independent third party, data to determine competitive compensation levels based on a peer group that represents both restaurant companies and those companies with whom we compete for talent. The peer group for each officer may vary depending on the nature and scope of his/her individual responsibilities.
- Approves the design and performance metrics used in our incentive plan.
- Reviews annually detailed compensation tally sheets for the named executive officers.
- Submits recommendations to the full Board of Directors for approval and ratification of the CEO's compensation.
- Holds executive sessions (without our management present) at every Committee meeting.

***Executive Summary***

Brinker's compensation programs are structured to reinforce our strategic principles to be a premier and progressive company with a balanced approach towards people, quality and profitability, and to enhance long-term shareholder value.

Fiscal 2009 was another challenging year for us. The economic challenges that started in fiscal 2008 continued well into fiscal 2009. We saw a decline in overall revenues of approximately 14.5% primarily due to declines in capacity, as well as decreases in comparable restaurant sales across all brands. We did drive gains in margin improvement offsetting some of the decrease in overall revenues resulting in increases in earnings per diluted share. Some of our initiatives included organizational restructuring, reduced and targeted capital expenditures, culinary initiatives and continued international franchise growth. The initiatives aided in part our achieving earnings per share gains. As a result of the challenging environment and our mixed financial success, our officers, including the NEOs, did not receive a merit increase for fiscal 2009 and our variable compensation programs paid below target.

Our compensation programs for executive officers, including our NEOs, reflect the competitive environment in which we operate and align a pay-for-performance philosophy. More specifically we:

- Use variable compensation plans to make-up the majority of potential total compensation placing significant amounts of compensation "at risk";
- Establish incentive plan payout levels that provide an opportunity for participants to earn compensation above median levels when performance goals are exceeded and our stock price increases, and significantly reduced compensation when our financial performance is below expectations or our stock price decreases;
- Utilize both cash and equity elements with varying time horizons and financial metrics to motivate and reward sustained performance that is aligned with shareholder interests but is not tied to a single financial measure or measurement period that could result in unintended consequences;
- Provide competitive levels of compensation to attract and retain the best qualified executive talent. Both the Committee and our Brinker Leadership Team strongly believe that the caliber of our overall officer team makes a significant difference in our sustained success over the long-term;
- Link our officers' interests with the sustained performance of the company by having executives satisfy stock ownership guidelines; and
- Allow actual compensation to vary based on individual performance.

***Roles of the Compensation Committee, Consultants and Management***

The Compensation Committee is responsible for determining the compensation of our senior vice presidents and above, including the named executive officers. All compensation recommendations are reviewed and approved by the independent directors of the full Board. The Committee utilizes three sources during their evaluation process: (1) Pearl Meyer & Partners ("Pearl Meyer"), the Board's independent consulting firm; (2) Hewitt Associates ("Hewitt"); and (3) management. The Committee annually reviews the performance of all consultants.

Pearl Meyer has been retained by and reports directly to the Compensation Committee. Pearl Meyer does not have any other consulting engagements with management. The Committee regularly asks Pearl Meyer to provide independent advice on current trends in compensation design, including compensation levels, the merits of particular forms of compensation, relative weighting of compensation elements and compensation best practices.

Hewitt is also retained by the Committee and provides detailed benchmarking data based on our benchmarking peer group. Hewitt generates an independent report that is utilized in determining compensation levels for our senior vice presidents and above. A more detailed discussion of the benchmarking process is provided in the Benchmarking section below.

Based on the benchmark data and individual performance, the CEO provides input and recommendations to the Committee in setting total compensation for the senior vice presidents and above (other than his own compensation). The Committee considers these data sources, and applies its own independent judgment in establishing a total compensation program (base salary increases, if any; short-term incentive targets as a percentage of base pay; and long-term incentive targets) that aligns the interests of the executives with those of our shareholders.

***Benchmarking***

The Committee engages an independent third party to provide market data (base salary, short-term incentive targets, long-term incentive values, and total compensation). For fiscal 2009, we retained Hewitt to provide us with data drawn from their proprietary database. The benchmarking peer group is carefully selected based on criteria including restaurant and brand product industries, operating structure, location and size. We were near the median in terms of revenue size as compared to our benchmarking peer group. Proxy data from our Performance Share Plan peer group (which is identified in more detail in the Long-Term Incentives section of this Compensation Discussion and Analysis) was blended with data from Hewitt's database for the NEOs to provide us with benchmark information that we believe accurately reflects the market in which we compete for executive talent, particularly for the named executive officers. The following table lists the companies used in fiscal 2009 as our benchmarking proxy peer group for the named executive officers:

**Benchmarking Proxy Peer Group**

| | | |
|---|---|---|
| CBRL Group, Inc. | Jack in the Box Inc. | Ruby Tuesday, Inc. |
| CEC Entertainment, Inc. | McDonalds Corporation | Sonic Corp. |
| The Cheesecake Factory Inc. | Panera Bread Company | Starbucks Corporation |
| Darden Restaurants, Inc. | P.F. Chang's China Bistro, Inc. | Wendy's/Arby's Group, Inc. |
| DineEquity, Inc. | Red Robin Gourmet Burgers Inc. | Yum! Brands, Inc. |

Hewitt's benchmark information was used to establish ranges for total compensation (base salary + short-term cash incentives + long-term equity incentives). We do not, however, target a specific total compensation level. We strive to be competitive in the marketplace by appropriately balancing all elements of compensation (short-term versus long-term and fixed versus variable) while recognizing our performance, as well as the individual's performance, criticality and experience, and internal equity. There is no fixed percentage which determines the mix between cash and non-cash compensation, but compensation is significantly weighted towards variable compensation (short and long-term). The table below shows the percentage of fixed versus variable compensation elements for targeted total compensation.

**Targeted Fixed Versus Variable Compensation Mix for the Named Executive Officers for Fiscal 2009**

| **Name** | **Position** | **Fixed Compensation as a % of Target Total Compensation** | **Variable Compensation as a % of Target Total Compensation** |
|---|---|---|---|
| Douglas H. Brooks | Chairman of the Board, President and CEO | 23% | 77% |
| Charles M. Sonsteby | EVP and CFO | 30% | 70% |
| Todd E. Diener | EVP and Chili's Grill & Bar and On The Border President | 33% | 67% |
| Roger F. Thomson | EVP, CAO, General Counsel and Secretary | 39% | 61% |
| Michael B. Webberman | EVP Brand Solutions | 35% | 65% |

***Fiscal 2009 Executive Compensation and Benefit Components:***

For the fiscal year ended June 24, 2009, the principal components of compensation and benefits for our named executive officers are listed:

- Base Salary;
- Short-Term Incentives;
- Long-Term Incentives;
- Retirement Benefits;
- Health and Welfare Benefits; and
- Perquisites.

In the sections that follow we detail how each component of compensation is evaluated. It is important to note that while each individual component is reviewed, all decisions are made in a total compensation context.

*Base Salary*

Base salaries provide our team members with a level of certainty about their compensation. Annually, we review base salaries during our benchmarking process. An individual's base salary is dependent on the size and scope of the position, their experience and most importantly their performance.

For fiscal 2009, officers, including the NEOs, did not receive a merit increase. This decision was made based on the challenging operating environment for fiscal 2008 and its expected continuation into fiscal 2009.

*Short-Term Incentives*

Our Profit Sharing Plan is a non-qualified annual incentive arrangement in which all corporate team members, including the named executive officers, and certain restaurant brand team members participate. The Plan measures both financial performance and individual performance.

- At target, $^2/_3$ of the award is based on financial performance and $^1/_3$ of the award is based on individual performance.
- The financial portion of the plan measures actual earnings per diluted share (EPS) versus a target EPS for RSC team members. For brand team members the metric is actual profit before tax (PBT) versus target PBT. These targets are established within the first quarter of our fiscal year by the Board and are designed to reinforce our focus on profitability and enhancement of long-term shareholder value.
- Individual performance is measured based on the achievement of key performance indicators (KPIs). KPIs are established at the beginning of the year and align with our strategic goals. An individual performance component allows us to recognize critical factors to our performance but which are not necessarily quantifiable or linked directly to our financial results; and to reward an individual's contribution to the organization. KPIs can include such items as project implementations, customer satisfaction, or employee engagement.

All of our named executive officers' short-term incentive is based on EPS, except for Mr. Diener, whose short-term incentive is based 50% on EPS and 50% on PBT for Chili's Grill & Bar. The maximum award that any individual can receive is 150% of his/her individual short-term incentive target, and minimum thresholds must be achieved to earn a payout. The table below details the actual short-term incentive payout versus target for the NEOs:

**Fiscal 2009 Actual Short-Term Incentive Payout versus Target**

| Name | Position | Short-Term Incentive Actual Payout for Fiscal 2009 | Short-Term Incentive Target Payout for Fiscal 2009 |
|---|---|---|---|
| Douglas H. Brooks | Chairman of the Board, President and CEO | $ 834,667 | $ 1,000,000 |
| Charles M. Sonsteby | EVP and CFO | $ 414,129 | $ 496,161 |
| Todd E. Diener | EVP and Chili's Grill & Bar and On The Border President | $ 270,130 | $ 462,697 |
| Roger F. Thomson | EVP, CAO, General Counsel and Secretary | $ 261,600 | $ 313,418 |
| Michael B. Webberman | EVP Brand Solutions | $ 205,043 | $ 245,658 |

Fiscal 2009 Profit Sharing Plan This year the Company established a target which was consistent with our long-term goal of annual EPS growth. Our operating climate was challenging with declines in traffic to our restaurants and lower comparable restaurant sales across all our brands. We were profitable and able to return value to our shareholders, but not at the planned level. Actual adjusted non-GAAP EPS for the Profit Sharing Plan was $1.57 compared to a target non-GAAP EPS for the Profit Sharing Plan of $1.61. This achievement resulted in a below target profit sharing payout under the Business Performance Metric, and a target payout under the Individual Performance Metric.

The formulas used to calculate both plan and actual performance are outlined in our Profit Sharing Plan. However, from time to time unplanned events occur that are not explicitly detailed within the Profit Sharing Plan. In such instances, the Compensation Committee reviews the scenarios and determines how specific events should be accounted for under the Profit Sharing Plan. The intent when making such decisions is to ensure the impact to the Profit Sharing Plan is fair to both participants and shareholders. The Committee reviewed and determined the treatment of the following items, among others, which impacted the earnings calculation used in the Profit Sharing Plan: impairment charges related to the sale or closure of restaurants, accounting gains from franchise activity, restructuring costs, planned pre-opening expenses and discontinued capital expenditures.

*Long-Term Incentives*

We grant a mix of stock options, performance shares, and career equity to all of our officers with the belief that meeting our long-term strategic goals will increase our stock price. Target long-term incentive values are determined by the Committee by analyzing benchmark data, individual performance, program cost and total compensation targets. Once the target value is established, the number of shares granted as stock options, performance shares and career equity is based on delivering approximately 40% of the value in stock options and the remaining 60% in performance shares and career equity. Our equity programs give officers a stake in the potential rewards provided to shareholders as a result of their efforts.

The Committee determined at the beginning of fiscal 2007 that all equity based awards, including stock options, will be granted on the last Thursday of each August. August is the month each year that we pay out any earned short-term incentives and provide merit increases, if applicable. However, the Committee will not grant equity compensation awards in anticipation of the release of material nonpublic information so the grant date could change if such a case should occur.

*Stock Options*

Stock options are intended to motivate participants to increase our stock price as they only have value if the market price of our stock increases over the closing price of our common stock on the date of grant. The actual compensation realized from stock options is dependent on both the increase in our stock price and each participant's decision on when to exercise. Our stock options vest 25% per year over four years and have a term of eight years. At the end of fiscal 2009, 99% of our outstanding stock options were underwater reflecting the decline in our stock price during fiscal 2009 relative to previous years.

*Performance Share Units*

To balance out the volatility of stock options while still aligning participants with shareholder interests, we also grant performance shares. Performance shares are earned based on our relative total shareholder return (TSR) compared to a select group of publicly-traded restaurant companies over a three year measurement period. The peer group is based on those companies with whom we compete for investor dollars and executive talent (these companies are also used in our executive compensation benchmarking). TSR is the measurement of the appreciation in the stock price for each company, plus dividends, if any. The following is a list of the fiscal 2009 TSR peer group:

**Fiscal 2009-2011 Total Shareholder Return Peer Group**

| | | |
|---|---|---|
| CBRL Group, Inc. | Jack in the Box Inc. | Ruby Tuesday, Inc. |
| CEC Entertainment, Inc. | McDonalds Corporation | Sonic Corp. |
| The Cheesecake Factory Inc. | Panera Bread Company | Starbucks Corporation |
| Darden Restaurants, Inc. | P.F. Chang's China Bistro, Inc. | Wendy's/Arby's Group, Inc. |
| DineEquity, Inc. | Red Robin Gourmet Burgers Inc. | Yum! Brands, Inc. |

The target award (which is granted at the beginning of the measurement period) is adjusted by the payout percentage which ranges from 0% to 175%. To earn 100% of a target award, we have to rank 7th in our peer group. Any payout is reduced by 20% if our TSR is negative. The table below reflects the ranking and related payout percentage for the fiscal 2009-2011 performance share plan.

| Rank | Payout Percentage |
|---|---|
| 1 | 175% |
| 2 | 175% |
| 3 | 165% |
| 4 | 145% |
| 5 | 135% |
| 6 | 125% |
| 7 | 100% |
| 8 | 90% |
| 9 | 70% |
| 10 | 50% |
| 11 | 20% |
| 12-16 | 0% |

Earned shares are distributed shortly after the completion of the three year performance period. Earned shares are not subject to further vesting requirements, although they may need to be retained to meet stock ownership guidelines (see discussion below).

Fiscal 2007 Fiscal 2009 Performance Share Plan This was the second year for a payout under our performance share plan. We ranked in 9th place and earned a 56% payout. The payout was reduced by 20% due to negative shareholder return during this period.

*Career Equity*

Career equity is a restricted stock unit program that works as a retention device since the shares only vest upon retirement (detailed information concerning our retirement provisions can be found below in the paragraph titled *Retirement Definitions and Payouts*). The value realized by executives is based on our stock price performance from the grant date until the executive's retirement, which reinforces our long-term strategic goal of enhancing long-term shareholder value. Career equity makes up less than 10% of the total long-term incentive value for our NEOs. The number of shares granted each year fluctuates based on our stock price. The goal is to provide the NEOs approximately two-times their annual salary in stock at retirement (assuming their career spanned at least fifteen years from the inception of the program).

*Stock Ownership Guidelines*

We have stock ownership guidelines for our Board of Directors and our senior vice presidents and above, including the named executive officers. Stock ownership aligns these officers and directors with shareholders and promotes good corporate citizenship. These guidelines were first adopted in fiscal 2007.

The guidelines for our senior vice presidents and above define stock ownership to include any shares currently owned; vested, in the money stock options (which are converted for this purpose to share equivalents based on the "in the money" value of the stock option); unvested restricted stock or restricted stock units; and one-third of any unvested performance shares. We include one-third of the unvested performance shares, because on average, it is expected that at least one-third of the shares will vest over multiple performance cycles. Thus, by counting these shares towards their ownership guideline, we limit the need for them to purchase shares in the open market to meet the guideline.

The guidelines for our Board of Directors define stock ownership to include any shares currently owned; vested, in the money stock options (which are converted for this purpose to share equivalents based on the "in the money" value of the stock option); and unvested restricted stock or restricted stock units. The guideline was established by taking a multiple of base salary (annual retainer in the case of the Board) which was used to calculate a fixed share amount by position. The guidelines are as follows:

**Stock Ownership Guidelines**

| **Level** | **Stock Ownership Guidelines** |
|---|---:|
| Board Member | 9,000 |
| CEO | 202,500 |
| EVP | 67,500 |
| SVP | 33,000 |

Ownership is reviewed annually by the Board of Directors. Officers subject to the guidelines have five years to accumulate the necessary shares. The five year period is measured one of two ways. If an officer was a senior vice president on the date the program went into effect, and therefore subject to the guideline, the five year period began on July 1, 2006. Otherwise, the five year period begins on the date the officer is promoted to senior vice president. If, however, such officer was not previously an employee of the company, then the officer will be provided six years to meet the guideline. Should any of these officers be below the guideline after being in the program for five years (or six, as applicable), they will receive half of any short-term incentives in shares until the guideline is met. Approximately 24% of the current senior vice presidents and above, and 80% of the named executive officers, already meet the guideline. Directors have four years to accumulate the necessary shares. Currently 100% of the current directors meet the guideline. No officer or director is permitted to hedge the economic ownership of their guideline.

*Fiscal 2010 Considerations*

The Compensation Committee conducted a detailed review of our compensation programs and benefits in comparison to our operating climate and the market as a whole. The Committee determined that we had the appropriate mix of compensation and benefits in place (cash, short-term incentives, stock options, restricted stock units, and 401(k)) and, as a result, no major changes were made to our program for fiscal 2010.

For the second year in a row it has been determined that officers will not receive a merit increase for the fiscal year.

*Retirement Benefits*

*Savings Plans*

Our 401(k) Savings Plan ("Plan I") and Deferred Income Plan ("Deferred Plan") are designed to provide the Company's team members with a competitive tax-deferred long-term savings vehicle. Plan I is a qualified 401(k) plan and the Deferred Plan is a non-qualified deferred compensation plan.

Plan I

All of our team members, including those who may be classified as highly compensated by the IRS, who have attained the age of twenty-one and completed both one year and one thousand hours of service with the Company are eligible to participate in Plan I. We will match 100% of each participant's contribution for the first 3% of the participant's base salary and bonus and 50% for the next 2% of the participant's salary and bonus. All Company contributions vest immediately.

Deferred Plan

The Deferred Plan is a non-qualified deferred compensation plan for all of our officers, including the named executive officers. Deferred Plan participants elect the percentage of their salary and bonus, not to exceed 50%, they wish to defer into their Deferred Plan account. Deferrals earn a flat rate of interest which is compounded monthly. The interest rate is based on the prime rate on the first business day each November. This year, because of the instability in the market we placed a collar on the interest rate. It cannot increase or decrease more than one percentage point over the previous year. The collar went into effect for calendar year 2009.

We do not match executives' deferrals under the Deferred Plan. Plan liabilities are notionally funded through Corporate Owned Life Insurance policies held within a Rabbi Trust. Trust assets are subject to the claims of the Company's creditors.

*Medical Benefits*

Select officers, including the named executive officers, are eligible to receive retiree medical insurance from us if they meet our definition of retirement (described below in the paragraph of the section entitled *"Retirement Definitions and Payouts"*). This fully insured policy is paid for by both the retiree and the Company. The cost split between retiree and the Company mimics that of the cost split for our active employees and their medical benefits. Currently, that percentage is approximately 60% of the cost paid by the Company and 40% of the cost paid by the participant. Participants are eligible to receive this coverage until age 65.

*Retirement Definitions and Payouts*

For those executives who remain with us for their career we want to ensure they are able to benefit from their contributions to our long-term success. Therefore, we have defined retirement provisions that allow for post-employment benefits. Early retirement is defined as age plus years of service equal 70, with a minimum age of 55. Normal retirement is defined as age plus years of service equal 70, with a minimum age of 60, or age 65 (regardless of service). This definition is applied to all of our equity programs, our retiree medical program, and our Profit Sharing Plan. Listed below are our programs and their treatment under early and normal retirement:

| | Early Retirement | Normal Retirement |
|---|---|---|
| **Stock Options** | Unvested shares accelerated and remain exercisable for the shorter of 12 months or the expiration date | Unvested shares accelerated and remain exercisable for the shorter of 36 months or the expiration date |
| **Performance Shares** | Pro-rated and paid at the end of the measurement period based on actual results | The full award is paid at the end of the measurement period based on actual results |
| **Career Equity** | Pro-rated and paid upon retirement | The full award is paid upon retirement |

*Health and Welfare Benefits*

All of our salaried employees are eligible for health and welfare benefits, including the named executive officers. Our salaried employees also receive term life insurance, short-term disability, and long-term disability. The level of company-provided coverage for the senior vice presidents and above, including the named executive officers, is at a higher rate than other employees for some company-provided benefits. We have provided detailed information in the chart below for the named executive officers.

**Company Paid Benefits for the Named Executive Officers**

| | Life Insurance | AD&D Insurance | Long-Term Disability | Long-Term Care |
|---|---|---|---|---|
| **Benefit** | 4× Salary up to $3.5M | 2× Salary up to $1M | 70% Wage Replacement up to $30K per month | $150 daily benefit amount |

*Perquisites*

We provide our officers with perquisites that are generally intended to promote the officers well-being and efficiency. The Committee reviews the perquisites during our annual benchmarking process for reasonableness and consistency with competitive practice. We currently provide our officers with the following perquisites:

- a car allowance;
- a financial planning allowance;
- a dining card;
- an annual physical reimbursement;
- an airline club membership;
- a cell phone allowance; and
- a health club reimbursement.

We do not own or lease any aircraft for the benefit of management. Providing perquisites separately, and not rolling them into base salary, ensures those dollars are not included in our calculations for benefits

such as life insurance and other programs that use base salary in their calculation such as the Profit Sharing Plan and our 401(k) Plan.

***Change in Control***

We do not have any change in control agreements in place with any of our officers. However, our stock programs and Profit Sharing Plan do contain change in control provisions. Under our stock option program, in the event of a change in control, the unvested options are accelerated and the optionee has the full remaining term to exercise. We have made a change to this provision that will take effect in fiscal 2009 and future years where we will only accelerate "in the money" stock options.

Vesting on all unvested restricted shares is also accelerated as of the date of change in control. Under our Performance Share Plan, the participant becomes 100% vested and the relative ranking is established as of the date of the change in control thus ending the measurement period. In no event will less than 100% of the target award be distributed to the participant. This "floor" amount was included to ensure the retention of plan participants through the change-in-control date. As for our Profit Sharing Plan, if a change in control should occur prior to the end of the fiscal year, the participant will be eligible to receive a payment equal to the greater of the payout as calculated under the Plan provisions or his/her annual target award. Again, the "floor" award is included to ensure retention and to provide the participant the benefit of the doubt when the measurement period is truncated.

***Tax Implications***

The Committee has considered the impact of Section 162(m) of the Internal Revenue Code. This section disallows a tax deduction for any publicly-held corporation for individual compensation to certain executives of such corporation exceeding $1,000,000 in any taxable year, unless compensation is performance-based. It is the intent of the Company and the Committee to maximize the deductibility of our executives' compensation whenever possible. However, the Committee does not believe that compensation decisions should be based solely upon the amount of compensation that is deductible for federal income tax purposes. Accordingly, the Committee reserves the right to award compensation that is or could become non-deductible when it believes that such compensation is consistent with our strategic goals and in our best interests. For fiscal year 2009, we believe the annual incentive payments, stock options, and performance shares all qualify for deduction under section 162(m).

***Administration of Compensation Program***

The Committee's administration of the executive compensation program is in accordance with the principles outlined at the beginning of this Compensation Discussion and Analysis. The Committee believes that our compensation programs provide the necessary incentives and flexibility to promote our performance-based compensation philosophy while being consistent with our objectives. Our financial performance supports the compensation practices employed during the past year. No member of the Committee serves or previously served as an employee or officer of the Company.

*Recoupment Provisions*

During the fiscal year, the Committee determined that clawback language should be inserted in our individual plan documents and our grant agreements going forward. Specifically, language was adopted stating that if the Board of Directors determines any fraud, negligence or intentional misconduct by an Officer was a significant contributing factor to the Company having to restate all or a portion of its financial statements, the Board or Committee shall take, in its discretion, such action as it deems necessary to remedy the misconduct and prevent its recurrence. Further, under Section 304 of Sarbanes-Oxley, if the Company is required to restate its financials due to material noncompliance with any financial reporting requirements as a result of misconduct, the CEO and CFO must reimburse the company for (1) any bonus or other incentive-based or equity-based compensation received during the 12 months following the first public issuance of the non-complying document and (2) any profits realized from the sale of securities of the Company during those 12 months.

*Consideration of Prior Amounts Realized*

In furtherance of the Company's philosophy of rewarding executives for future superior performance, prior stock compensation gains (or the lack thereof) are not considered in setting future compensation levels.

## REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Respectfully submitted,
COMPENSATION COMMITTEE

**GEORGE R. MRKONIC (Chair)**
**MARVIN J. GIROUARD**
**HARRIET EDELMAN**
**JOHN MIMS**
**JAMES E. OESTERREICHER**
**ROSENDO G. PARRA**

**FISCAL 2009 SUMMARY COMPENSATION TABLE**

| Name and Principal Position | Year | Salary ($) | Bonus ($) | Stock Awards ($)(1) | Option Awards ($)(1) | Non-Equity Incentive Plan Compensation ($)(2) | Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(3) | All Other Compensation ($)(4 & 5) | Total ($) |
|---|---|---|---|---|---|---|---|---|---|
| Douglas H. Brooks, | 2009 | 900,000 | | 1,016,162 | 580,800 | 834,667 | 15,501 | 80,974 | 3,412,603 |
| Chairman of the Board, | 2008 | 900,000 | | 633,595 | 869,923 | 333,333 | 29,118 | 50,583 | 2,787,434 |
| President, and CEO | 2007 | 900,000 | | 2,019,545 | 1,267,786 | 706,667 | 16,266 | 51,932 | 4,945,930 |

Charles M. Sonsteby