BRINKER INTERNATIONAL INC
Form 11-K
June 24, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

ý ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2012
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, 2012 and 2011, 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, 2012 and 2011, and the changes in its net assets available for benefits for the years then ended in conformity with accounting principles generally accepted 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
June 24, 2013

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BRINKER INTERNATIONAL
401(k) SAVINGS PLAN
Statements of Net Assets Available for Benefits
December 31, 2012 and 2011

	2012	2011
Investments – at fair value (Note 3):		
Money market	$8,634,177	$9,096,385
Mutual funds	124,997,257	104,534,999
Brinker common stock fund	19,037,766	16,315,577
	152,669,200	129,946,961
Receivables:		
Employer contributions	225,269	118,609
Participants' contributions	199,754	186,958
Notes receivable from participants	7,834,301	7,250,083
	8,259,324	7,555,650
Net assets available for benefits	$160,928,524	$137,502,611

See accompanying notes to financial statements.

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BRINKER INTERNATIONAL
401(k) SAVINGS PLAN
Statements of Changes in Net Assets Available for Benefits
Years Ended December 31, 2012 and 2011

	2012	2011
Additions:		
Contributions:		
Participants	$12,903,224	$11,866,322
Rollovers	425,927	661,923
Employer	7,121,113	6,528,599
	20,450,264	19,056,844
Investment income:		
Net appreciation (depreciation) in fair value of investments	14,640,798	(836,327)
Interest and dividends	3,945,327	2,716,946
	18,586,125	1,880,619
Interest on notes receivable from participants	313,319	310,184
Total additions	39,349,708	21,247,647
Deductions:		
Benefits paid to participants	15,923,795	17,556,686
Net increase	23,425,913	3,690,961
Net assets available for benefits at beginning of year	137,502,611	133,811,650
Net assets available for benefits at end of year	$160,928,524	$137,502,611

See accompanying notes to financial statements.

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BRINKER INTERNATIONAL
401(k) SAVINGS PLAN
Notes to Financial Statements

December 31, 2012 and 2011

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.

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
Spartan Extended Market Index Fund	Equities of companies included in the Dow Jones U.S. Completion Total Stock Market 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, 2012 and 2011 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 2013 through 2027 as of December 31, 2012. 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 2012 and 2011. 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 for actively employed participants, except for transactional fees related to participant-directed actions on their account which are paid by the participant.
Non-employee participants are responsible for the annual administration fees for their accounts.
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.

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.

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BRINKER INTERNATIONAL
401(k) SAVINGS PLAN
Notes to Financial Statements

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 classified within Level 1 of the valuation hierarchy.

These methodologies were consistently applied as of December 31, 2012 and 2011.

The following table presents the fair value of financial instruments as of December 31, 2012 and 2011 by type of asset. The Plan has no assets or liabilities that are classified as Level 2 or Level 3 as of December 31, 2012 and 2011.

	2012	2011
Money market	$8,634,177	$9,096,385
Mutual funds:		
Mid/Large cap stocks	71,456,420	57,832,899
Small cap stocks	23,310,439	20,976,081
International stocks	14,000,453	12,284,768
Fixed income	16,229,945	13,441,251
Total mutual funds	124,997,257	104,534,999
Brinker common stock fund	19,037,766	16,315,577
Total investments at fair value	$152,669,200	$129,946,961

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BRINKER INTERNATIONAL

Operating income (loss)

(542)

3,164

(3,542)

4,306

Financial income, net	972	791	3,307	1,684
Other income (expense), net	20	39	(283)	6

Income (loss) before taxes on income

450

3,994

(518)

5,996

Taxes on income

25

456

195

820

Net income (loss)

$ 425

$ 3,538

$ (713)

$ 5,176

Basic income (loss) per share	
$	0.03
$	0.22
$	(0.05)
$	0.33
Diluted income (loss) per share	
$	0.03
$	0.21
$	(0.05)
$	0.32

Weighted average number of shares

outstanding used to compute:

Basic income (loss) per share

13,464

16,037

13,395

15,890

Diluted income (loss) per share

13,464

16,884

13,395

16,186

FOR COMPARATIVE PURPOSES

NET INCOME (LOSS) AND INCOME (LOSS) PER SHARE EXCLUDING RESTRUCTURING COST

GAAP net income (loss)

$ 425

$ 3,538

$ (713)

$ 5,176

Restructuring charges

-

464

-

1,742

Non-GAAP net income (loss)

$ 425

$ 4,002

$ (713)

$ 6,918

Basic income (loss) per share

$ 0.03

$ 0.25

$ (0.05)

$ 0.44

Diluted income (loss) per share

$ 0.03

$ 0.24

$ (0.05)

$ 0.43

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NICE SYSTEMS LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
U.S. dollars in thousands

	December 31, 2002 Audited	September 30, 2003 Unaudited
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 19,281	$ 22,451
Short-term bank deposits	208	194
Marketable securities	33,853	22,780
Trade and unbilled receivables	53,358	44,132
Other receivables and prepaid expenses	8,234	7,637
Related party receivables	12,804	6,169
Inventories	13,480	14,531
Total current assets	141,218	117,894
LONG-TERM INVESTMENTS:		
Long-term marketable securities	15,247	47,770
Other long-term investments	7,578	8,624
Total long-term investments	22,825	56,394
PROPERTY AND EQUIPMENT, NET	24,345	19,271
OTHER ASSETS, NET	47,900	40,076
TOTAL ASSETS	$ 236,288	$ 233,635
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term bank credit	$ 24	$ -

Trade payables	16,129	14,997
Accrued expenses and other liabilities	45,859	43,448
Total current liabilities	62,012	58,445
LONG-TERM LIABILITIES	19,740	9,692
SHAREHOLDERS' EQUITY	154,536	165,498
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 236,288	$ 233,635

NICE SYSTEMS LTD. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS
U.S. dollars in thousands

	Three months ended September 30, 2003	**Nine months ended September 30, 2003**
Cash flows from operating activities:		
Net income	$ 3,538	$ 5,176
Adjustments required to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,224	13,428
Accrued severance pay, net	32	201
Amortization of discount (premium) and accrued interest on held-to-maturity marketable securities	340	1,014
Decrease in trade and unbilled receivables	700	9,797
Decrease in other receivables and prepaid expenses	1,095	685
Decrease (increase) in inventories	623	(873)
Decrease in trade payables	(819)	(1,190)
Increase (decrease) in accrued expenses and other liabilities	18	(769)
Other	9	69
Net cash provided by operating activities	9,760	27,538
Cash flows from investing activities:		
Purchase of property and equipment	(1,202)	(3,941)
Proceeds from sale of property and equipment	340	681
Investment in short-term bank deposits	(52)	(98)
Proceeds from short-term bank deposits	32	123
Proceeds from maturity of short-term held-to-maturity marketable securities	8,577	28,662
Proceeds of call of long-term held-to-maturity marketable securities	5,000	5,000
Investment in long-term held-to-maturity marketable securities	(23,299)	(56,126)
Capitalization of software development costs	(549)	(1,793)
Decrease in accrued acquisition costs	(58)	(3,008)
Payment in respect of terminated contract from TCS acquisition	(5,141)	(5,141)

Decrease in related party receivables from TCS acquisition	-	6,635
Net cash used in investing activities	(16,352)	(29,006)
Cash flows from financing activities:		
Proceeds from issuance of shares and exercise of share options, net	3,344	4,604
Short-term bank credit, net	-	(24)
Net cash provided by financing activities	3,344	4,580
Effect of exchange rate changes on cash	50	58
Increase (decrease) in cash and cash equivalents	(3,198)	3,170
Cash and cash equivalents at beginning of period	25,649	19,281
Cash and cash equivalents at September 30, 2003	$ 22,451	$ 22,451

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