

BRINKER INTERNATIONAL INC  
Form DEF 14A  
September 08, 2006  
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  x

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))**
- x 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):

- x 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:
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  - (3) Filing Party:
  - (4) Date Filed:



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

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**  
**To Be Held November 2, 2006**

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September 8, 2006

Dear Shareholder:

We invite you to attend the annual meeting of shareholders of Brinker International, Inc. to be held at 10:00 a.m. (Dallas time), on Thursday, November 2, 2006, at the Cinemark 17 Theater, located at 11819 Webb Chapel Road, Dallas, Texas 75234. At the meeting, we will: (1) elect nine (9) directors for one-year terms; (2) vote on the ratification of the appointment of KPMG LLP as our independent auditors for the fiscal 2007 year; (3) vote on a shareholder proposal; and (4) conduct any other business properly presented at the meeting.

Your Board of Directors has chosen September 5, 2006, 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. If you decide not to attend the annual meeting, you may vote on these proposals by proxy. To do so, you may complete the enclosed proxy card (please be sure to date and sign it as well), and return it to us. We have enclosed a postage-prepaid envelope to expedite the return of your completed proxy card. You may also vote by telephone or over the Internet as described in the instructions on the proxy card.

Whether or not you plan to be present at the meeting, please take the time to vote, by Internet, telephone or mailing in your proxy. If you have voted by mail or by telephone or over the Internet 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 November 2, 2006 at 10:00 a.m. and at any adjournment or postponement of that meeting. The meeting will be held at the Cinemark 17 Theater, which is located at 11817 Webb Chapel Road, Dallas, Texas 75234. The purpose of the meeting is to:

- elect nine (9) directors;
- vote on the ratification of the selection of KPMG LLP as our independent auditors for the 2007 fiscal year;
- vote on a shareholder proposal; and
- conduct any other business properly presented at the meeting or any adjournment or postponement thereof.

We mailed this Proxy Statement and the accompanying proxy on or about September 8, 2006, to all shareholders entitled to vote at the annual meeting.

**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 5, 2006, 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 17, 2006, 82,716,539 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 complete, sign, date, and return the enclosed proxy card. We have enclosed a postage-prepaid envelope for your convenience. You may also vote by telephone or over the Internet as indicated on the proxy card instructions. Voting your shares by returning the enclosed proxy card, or by telephone or over the Internet, will not affect your right to attend the annual meeting and vote in person.

**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 the Company'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 10:00 a.m. Dallas time, 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.

**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. To be able to vote your shares held in street name at the meeting, you will need to obtain a proxy from the holder of record.

**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 broker. If you receive multiple copies and would prefer to receive only one set of these materials, please also contact your 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 Nine Directors**

The nine 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 2007 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.

- **Proposal 3: Act on Shareholder Proposal**

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 properly fill in and return the enclosed proxy card, or vote by telephone or over the Internet, the designated Proxies (the individuals named on your proxy card) will vote your shares as you have directed. If you sign the 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 the election of the nine nominees for director;
- FOR ratification of KPMG LLP as our independent auditors for the 2007 fiscal year; and
- AGAINST approval of the shareholder proposal.

**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 presented at the annual meeting, your signed or electronically transmitted proxy card gives authority to the designated Proxies to vote on such matters in their discretion.

**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 2007 Annual Meeting of Shareholders, you must submit your proposal to us no later than May 11, 2007 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 Securities and Exchange Commission (SEC) rules, and you must submit it to us no later than May 11, 2007. 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 Company's General Counsel. If you need a copy of the bylaws, you may obtain them free of charge from the Secretary of the Company 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 2007 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 Company's General Counsel on or before May 11, 2007.

## 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 2005 annual meeting of shareholders.

#### Information About Nominees

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

**Douglas H. Brooks**, 54, is Chairman of the Board of the Board of Directors of the Company, 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 been a member of the Board of Directors since 1999.

**Robert M. Gates**, 63, is President of Texas A&M University, having been appointed to this position in 2002. From 1999 to 2001, Dr. Gates served as the Dean of the George Bush School of Government and Public Service at Texas A&M University. Prior to this time, Dr. Gates was a consultant, author and lecturer. From 1991 to 1993, he served as Director of Central Intelligence for the United States. Dr. Gates is a member of the Board of Trustees of The Fidelity Funds and a member of the Board of Directors of Parker Drilling Company and NACCO Industries, Inc. Dr. Gates serves on the National Executive Board of the Boy Scouts of America and is President of the National Eagle Scout Association. Dr. Gates has served as a member of the Board of Directors since September 2003 and is a member of the Audit Committee of the Company.

**Marvin J. Girouard**, 67, is the Chairman and Chief Executive Officer of Pier 1 Imports, Inc., having been elected to the position of Chairman in February 1999 and Chief Executive Officer in June 1998. Mr. Girouard previously served as Chief Operating Officer from 1988 to 1998 and as President from 1988 until February 1999. Mr. Girouard joined Pier 1 Imports in 1975 and has served on its Board of Directors since 1988. 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 as a member of 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.

**Ronald Kirk**, 52, is a partner in the law firm of Vinson & Elkins LLP, joining the firm in February 2005. Previously, Mr. Kirk was a partner in the law firm of Gardere Wynne Sewell, L.L.P. from 2001 until 2005 and served as the Mayor of the City of Dallas from 1995 until 2001. Mr. Kirk also serves on the Board of Directors for Dean Foods Company and PetSmart, Inc. Mr. Kirk has served on the



Board of Directors since 1997 and is a member of the Executive and Governance and Nominating Committees of the Company.

**George R. Mrkonic**, 54, 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 Guitar Center, Inc., Syntel, Inc., Autozone, Inc., and Nashua Corporation. Mr. Mrkonic has served as a member of the Board of Directors since September 2003 and is a member of the Audit and the Compensation Committees of the Company.

**Erle Nye**, 69, 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 has served on the Board of Directors of TXU Corp. since 1987. Mr. Nye also serves on the boards of many professional, civic and charitable organizations. Mr. Nye has served on the Board of Directors since November 2002 and is a member of the Executive and Governance and Nominating Committees of the Company.

**James E. Oesterreicher**, 65, is the Retired Chairman of the Board of J.C. Penney Company, Inc., having served as Chairman of the Board and Chief Executive Officer from January 1997 until September 2000 and Vice Chairman and Chief Executive Officer from January 1995 until January 1997. Mr. Oesterreicher served as President of JCPenney Stores and Catalog from 1992 to 1995 and as Director of JCPenney Stores from 1988 to 1992. Mr. Oesterreicher joined J.C. Penney Company in 1964 as a management trainee. He serves as a Director for TXU Corp., Texas Health Resources, Circle Ten Council Boy Scouts of America, March of Dimes, and Spina Bifida Birth Defects Foundation. Mr. Oesterreicher has served as a member of the Board of Directors of the Company since 1994 and is a member of the Audit and Compensation Committees of the Company.

**Rosendo G. Parra**, 46, is Senior Vice President for the Home and Small Business Group of Dell, Inc. since June 2006, having served 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 has served as a member of the Board of Directors since December 2004 and is a member of the Compensation and Governance and Nominating Committees of the Company.

**Cece Smith**, 61, is Managing General Partner of Phillips-Smith-Machens Venture Partners, a venture capital firm investing 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 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 Compensation Committees of the Company.

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

**Stock Ownership of Directors**

Name	Number of Shares of Common Stock Beneficially Owned as of August 17, 2006(1)(2)(3)	Number Attributable to Options Exercisable Within 60 Days of August 17, 2006(4)
Douglas H. Brooks	738,587	619,394
Robert M. Gates	13,117	8,893
Marvin J. Girouard	22,532	14,831
Ronald Kirk	53,214	48,753
George R. Mrkonic	17,713	8,001
Erle Nye	25,327	18,424
James E. Oesterreicher	21,118	14,186
Rosendo G. Parra	6,124	0
Cece Smith	35,892	27,001

(1) We determined beneficial ownership in accordance with the rules of the SEC. The listed directors have sole investment power and sole voting power as to all shares of stock where they are identified as being the beneficial owners, unless we have noted otherwise, and are subject to any community property interest of a director's spouse.

(2) Our list includes shares of common stock which may be acquired by exercise of options vested, or vesting within 60 days of August 17, 2006, under one of the following plans: 1991 Stock Option Plan for Non-Employee Directors and Consultants, 1992 Incentive Stock Option Plan, Stock Option and Incentive Plan, and 1999 Stock Option and Incentive Plan for Non-Employee Directors and Consultants.

(3) Each director owns less than 1% of our common stock.

(4) Mr. Brooks owns 861,894 stock options, 619,394 of which have vested, or will vest, within 60 days of August 17, 2006. Dr. Gates owns 36,954 stock options, 8,893 of which have vested, or will vest, within 60 days of August 17, 2006. Mr. Girouard owns 33,664 stock options, 14,831 of which have vested, or will vest, within 60 days of August 17, 2006. Mr. Kirk owns 71,855 stock options, 48,753 of which have vested, or will vest, within 60 days of August 17, 2006. Mr. Mrkonic owns 33,000 stock options, 8,001 of which have vested, or will vest, within 60 days of August 17, 2006. Mr. Nye owns 42,108 stock options, 18,424 of which have vested, or will vest, within 60 days of August 17, 2006. Mr. Oesterreicher owns 33,019 stock options, 14,186 of which have vested, or will vest, within 60 days of August 17, 2006. Mr. Parra owns 27,081 stock options, none of which have vested, or will vest, within 60 days of August 17, 2006. Ms. Smith owns 45,000 stock options, 27,001 of which have vested, or will vest, within 60 days of August 17, 2006.

**PROPOSAL 2****RATIFICATION OF INDEPENDENT AUDITORS**

The Audit Committee of the Board of Directors selected KPMG LLP as our independent auditors for fiscal 2007. 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 28, 2006 and June 29, 2005, by our independent auditors, KPMG LLP:

Fiscal Year	Annual Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
2006	\$ 731,000 (1)	\$ 46,000 (2)	\$ 69,000 (3)	\$ 0
2005	\$ 817,000 (4)	\$ 65,000 (5)	\$ 47,000 (6)	\$ 0

(1) For fiscal 2006, 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 (\$685,000), subsidiary and statutory audits (\$30,000), the issuance of consents for franchise circulars (\$5,000), and review of the implementation of SFAS 123R (\$11,000).



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- (2) For fiscal 2006, audit-related fees were for audits of the Company's 401(k) Savings Plan, and the now-terminated Savings Plan II.
- (3) For fiscal 2006, tax fees were for tax planning (\$33,000), assistance with change in accounting methods (\$12,000), and the review of tax returns (\$24,000).
- (4) For fiscal 2005, annual audit fees related to professional services rendered for the audit of our annual consolidated financial statements and 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 (\$761,000), subsidiary and statutory audits (\$27,000), the issuance of consents for franchise circulars (\$4,000), and review of state income tax structuring in support of annual audit (\$25,000).
- (5) For fiscal 2005, audit-related fees were for audits of the Company's 401(k) Savings Plan, Savings Plan II, and group health plan.
- (6) For fiscal 2005, tax fees were for tax planning (\$21,000) and the review of tax returns (\$26,000).

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 2006 and 2005 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 2006, the Audit Committee set a pre-approved maximum total fee expenditure for unscheduled, on-going audit and tax services with KPMG LLP of \$100,000. In addition, if the fee for a particular item would exceed \$20,000, Audit Committee approval would be required. There were no instances of waiver of approval requirements or guidelines during either fiscal year. For the upcoming fiscal year 2007, the Audit Committee has set a pre-approved maximum total fee expenditure for unscheduled, on-going audit and tax services with KPMG LLP of \$200,000, with a requirement that if a fee for a particular item exceeds \$40,000, Audit Committee approval would be required.

**YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS OUR INDEPENDENT AUDITORS FOR FISCAL 2007.**

### PROPOSAL 3

People for the Ethical Treatment of Animals (PETA), 501 Front Street, Norfolk, Virginia 23510, beneficial owner of 110 shares of common stock, as primary filers, and the Calvert Social Index Fund, c/o Calvert Group, Ltd., 4550 Montgomery Avenue, Bethesda, Maryland 20814, beneficial owner of 803 shares of common stock, as co-sponsors, have notified us that they intend to present a resolution at the annual meeting. Your Board of Directors and the Company accept no responsibility for the proposed resolution. **Your Board of Directors recommends a vote AGAINST this shareholder proposal.** As required by federal regulations, the resolution is included below exactly as submitted:

**WHEREAS** on its Web site, Brinker International, Inc. ( Brinker ), makes no mention of animal welfare policies or standards; and

**WHEREAS** consumers consider animal welfare and product quality when making dining choices; and

**WHEREAS** Brinker's competitors including McDonald's, Burger King, and Denny's recognize the need for humane slaughter methods to keep their competitive advantage and are particularly committed to improving conditions in their poultry suppliers' slaughterhouses; and



**WHEREAS** Brinker purchases chickens from suppliers that use a cruel method of poultry slaughter called electrical stunning, in which the birds are paralyzed with an electric current, have their throats slit, and are dropped into tanks of scalding-hot water, often while still conscious; and

**WHEREAS** Brinker has yet to make any progress on requiring that its suppliers implement the more humane, USDA-approved method of poultry slaughter called controlled-atmosphere killing (CAK), which replaces the oxygen that birds are breathing with inert gases, gently and effectively putting them to sleep ; and

**WHEREAS** a report commissioned by McDonald's ( the report ) concurred that CAK is, as animal welfare experts have described it, the most humane method of poultry slaughter currently available and found that CAK [1.] has advantages [over electrical stunning] from both an animal welfare and meat quality perspective [2.] obviates potential distress and injury [and 3.] can expeditiously and effectively stun and kill broilers with relatively low rates of aversion or other distress ; and

**WHEREAS** the report further concludes that McDonald's suppliers that use CAK have experienced improvements in bird handling, stunning efficiency, working conditions, and meat yield and quality; and

**WHEREAS** despite the fact that CAK is optimal for the birds' well-being and for profit, and while McDonald's, Burger King, Denny's and others continue to make progress toward adopting CAK, Brinker has yet to take a single step to move its suppliers in that direction;

**NOW, THEREFORE, BE IT RESOLVED** that to advance both Brinker's financial interests and the welfare of birds supplied to Brinker's restaurants, shareholders request that the Board of Directors issue a report to shareholders by October 2007 detailing the progress made toward encouraging its suppliers to evaluate CAK with the goal of possibly implementing it.

**Board of Directors' Statement in Opposition of the Proposal**

**Your Board of Directors recommends a vote AGAINST this shareholder proposal.**

Your directors understand the importance of humane processing of animals within the supply chain of protein vendors. While we do not directly engage in the raising or processing of animals for our restaurants, we are a large purchaser of these products. We contractually require that our vendors of protein products maintain programs for the humane handling of animals processed in their systems. This includes complying with all relevant government regulation. It is our belief that these governmental bodies are best situated to determine required handling procedures based on appropriate science, technology and application, and we will follow their lead in this regard. Furthermore, early adoption of technology prior to proven cost-efficient effectiveness would likely lead to higher product costs and reduced profitability to you.

We will continue to monitor and ensure compliance of the vendor community with required humane processing of animals consistent with government regulations, will support programs that are adopted as industry standards and will stay attuned to new technologies developed to advance these processes.

**FOR THE FOREGOING REASONS, YOUR BOARD OF DIRECTORS BELIEVES THAT THIS PROPOSAL IS NOT IN THE BEST INTERESTS OF THE COMPANY AND YOU AS OUR SHAREHOLDERS AND UNANIMOUSLY RECOMMENDS THAT YOU VOTE AGAINST THIS PROPOSAL.**

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

**Director Independence**

The Board of Directors has affirmatively determined each of the following directors is an independent director as such term is defined by the listing standards of the New York Stock Exchange ( NYSE ) and the rules of the SEC, and that no material relationship exists between us and each director outside of their service as a member of the Board of Directors. In this proxy statement we refer to these directors individually as an Independent Director and collectively as the Independent Directors.

Robert M. Gates  
 Marvin J. Girouard  
 Ronald Kirk  
 George R. Mrkonic  
 Erle Nye  
 James E. Oesterreicher  
 Rosendo G. Parra  
 Cece Smith

**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. However, the Governance and Nominating Committee has divided the non-employee directors into four groups. The groups are staggered so that each year the members of one of the groups shall have served on the Board of Directors for four consecutive years. At the time a group has served four consecutive years, the members of such group are considered Retiring Directors. Those Retiring Directors will, as determined by the Governance and Nominating Committee, either leave the Board of Directors at the end of their current term or serve an additional four year term on the Board of Directors (subject to annual re-election by you). Prior to recommending Retiring Directors for nomination for re-election, the Governance and Nominating Committee considers many things including:

- the quality of past director service, 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; and
- the independence of the director.

This year Messrs. Girouard, Nye and Oesterreicher are Retiring Directors who have been renominated by the Governance and Nominating Committee. The four groups of non-employee directors are as follows:

Director Group	Group Members	Considered a Retiring Director at the Annual Shareholder Meeting Following the End of the Noted Fiscal Year
One	Messrs. Girouard; Nye; and Oesterreicher	