SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 25, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________ to _________

Commission File Number 001-34920

BRAVO BRIO RESTAURANT GROUP, INC.

(Exact name of registrant as specified in its charter)

Ohio	**34-1566328**
(State or other jurisdiction incorporation or organization)	**(I.R.S. Employer Identification No.)**
777 Goodale Boulevard, Suite 100, Columbus, Ohio	**43212**
(Address of principal executive office)	**(Zip Code)**

Registrant's telephone number, including area code (614) 326-7944

Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definition of "accelerated filer," "large accelerated filer," and "smaller reporting company," in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒	Smaller reporting company	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)			Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

Indicate by check mark whether the registrant is a shell company as defined in Rule 12b-2 of the Act. Yes ☐ No ☒

As of August 3, 2017, the latest practicable date, 15,196,495 of the registrant's common shares, no par value per share, were outstanding.

Table of Contents:

Part I – Financial Information	
Item 1. Financial Statements	
Consolidated Balance Sheets	3
Consolidated Statements of Operations	4
Consolidated Statement of Shareholders' Equity	5
Consolidated Statements of Cash Flows	6
Condensed Notes to Unaudited Consolidated Financial Statements	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	12
Item 3. Quantitative and Qualitative Disclosures About Market Risk	23
Item 4. Controls and Procedures	23
Part II – Other Information	24
Item 1. Legal Proceedings	24
Item 1A. Risk Factors	24
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	24
Item 3. Defaults Upon Senior Securities	24
Item 4. Mine Safety Disclosures	24
Item 5. Other Information	24
Item 6. Exhibits	25
Signatures	26

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

BRAVO BRIO RESTAURANT GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF JUNE 25, 2017 AND DECEMBER 25, 2016
(Dollars in thousands)

	June 25, 2017 (Unaudited)	December 25, 2016
Assets		
Current assets		
Cash and cash equivalents	$ 365	$ 444
Accounts receivable	5,564	9,587
Tenant improvement allowance receivable	—	799
Inventories	2,760	3,114
Prepaid expenses and other current assets	2,751	3,339
Total current assets	11,440	17,283
Property and equipment — net	139,800	145,120
Other assets — net	4,045	4,359
Total assets	$ 155,285	$ 166,762
Liabilities and shareholders' deficiency in assets		
Current liabilities		
Trade and construction payables	$ 14,232	$ 15,514
Accrued expenses	28,861	27,351
Current portion of long-term debt	7,000	4,000
Deferred lease incentives	7,269	7,334
Deferred gift card revenue	12,933	18,618
Total current liabilities	70,295	72,817
Deferred lease incentives	49,262	54,459
Long-term debt	31,700	37,500
Other long-term liabilities	22,558	23,516
Commitments and contingencies (Note 6)		
Shareholders' deficiency in assets		
Common shares, no par value per share— authorized 100,000,000 shares; 21,171,355 shares issued at June 25, 2017 and 21,069,454 shares issued at December 25, 2016	203,065	202,561
Preferred shares, no par value per share— authorized 5,000,000 shares; issued and outstanding, 0 shares at June 25, 2017 and December 25, 2016	—	—
Treasury shares, 5,977,860 shares at June 25, 2017 and December 25, 2016	(81,019)	(81,019)
Retained deficit	(140,576)	(143,072)
Total shareholders' deficiency in assets	(18,530)	(21,530)
Total liabilities and shareholders' deficiency in assets	$ 155,285	$ 166,762

See condensed notes to unaudited consolidated financial statements.

BRAVO BRIO RESTAURANT GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
TWENTY-SIX WEEKS ENDED JUNE 25, 2017 AND JUNE 26, 2016 (UNAUDITED)
(in thousands except per share data)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 25, 2017	June 26, 2016	June 25, 2017	June 26, 2016
Revenues	$ 103,041	$ 105,213	$ 209,760	$ 214,013
Costs and expenses				
Cost of sales	26,277	27,235	54,488	55,242
Labor	38,467	39,751	77,537	79,016
Operating	16,700	17,612	33,785	35,194
Occupancy	7,307	7,477	15,756	15,586
General and administrative expenses	6,375	6,574	14,046	13,245
Restaurant preopening costs	121	73	150	514
Impairment	—	1,249	—	1,249
Depreciation and amortization	5,143	5,547	10,257	11,080
Total costs and expenses	100,390	105,518	206,019	211,126
Income (loss) from operations	2,651	(305)	3,741	2,887
Interest expense, net	529	344	1,040	692
Income (loss) before income taxes	2,122	(649)	2,701	2,195
Income tax expense	176	5	205	601
Net income (loss)	$ 1,946	$ (654)	$ 2,496	$ 1,594
Net income (loss) per basic share	$ 0.13	$ (0.04)	$ 0.16	$ 0.11
Net income (loss) per diluted share	$ 0.13	$ (0.04)	$ 0.16	$ 0.10
Weighted average shares outstanding-basic	15,174	14,597	15,144	14,681
Weighted average shares outstanding-diluted	15,221	14,597	15,175	15,331

See condensed notes to unaudited consolidated financial statements.

BRAVO BRIO RESTAURANT GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' DEFICIENCY IN ASSETS
FOR THE TWENTY-SIX WEEKS ENDED JUNE 25, 2017 (UNAUDITED)
(Dollars in thousands)

	Common Shares		Retained	Treasury Stock		Shareholders'
	Shares	Amount	Deficit	Shares	Amount	Deficiency in Assets
Balance — December 25, 2016	21,069,454	$ 202,561	$ (143,072)	(5,977,860)	$ (81,019)	$ (21,530)
Net income	—	—	2,496	—	—	2,496
Share-based compensation costs	—	528	—	—	—	528
Proceeds from the exercise of stock options	13,228	19	—			19
Issuance of shares of restricted stock	98,123	—	—	—	—	—
Shares withheld for employee taxes	(9,450)	(43)	—	—	—	(43)
Balance — June 25, 2017	21,171,355	$ 203,065	$ (140,576)	(5,977,860)	$ (81,019)	$ (18,530)

See condensed notes to unaudited consolidated financial statements.

BRAVO BRIO RESTAURANT GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE TWENTY-SIX WEEKS ENDED JUNE 25, 2017 AND JUNE 26, 2016
(UNAUDITED)
(Dollars in thousands)

	Twenty-Six Weeks Ended	
	June 25, 2017	June 26, 2016
Cash flows from operating activities:		
Net income	$ 2,496	$ 1,594
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,335	11,121
Loss on disposals of property and equipment	236	287
Impairment of assets	—	1,249
Amortization of deferred lease incentives	(4,123)	(4,166)
Share-based compensation costs	528	570
Deferred income taxes	—	368
Changes in assets and liabilities:		
Accounts and tenant improvement allowance receivables	4,822	3,838
Inventories	354	29
Prepaid expenses and other current assets	588	607
Trade and construction payables	(1,781)	(828)
Deferred lease incentives	(1,139)	907
Deferred gift card revenue	(5,685)	(2,222)
Other accrued expenses	1,510	(1,580)
Other — net	(737)	(47)
Net cash provided by operating activities	7,404	11,727
Cash flows from investing activities:		
Purchase of property and equipment	(4,659)	(7,693)
Net cash used in investing activities	(4,659)	(7,693)
Cash flows from financing activities:		
Proceeds from long-term debt	332,100	318,400
Payments on long-term debt	(334,900)	(319,000)
Proceeds from the exercise of stock options	19	122
Shares withheld for employee taxes	(43)	(161)
Repurchase of treasury shares	—	(3,461)
Net cash used in financing activities	(2,824)	(4,100)
Net decrease in cash and cash equivalents	(79)	(66)
Cash and cash equivalents — beginning of period	444	447
Cash and cash equivalents — end of period	$ 365	$ 381
Supplemental disclosures of cash flow information:		
Interest paid	1,032	603
Income taxes (received) paid	(466)	368
Property financed by trade and construction payables	1,116	889

See condensed notes to unaudited consolidated financial statements.

BRAVO BRIO RESTAURANT GROUP, INC. AND SUBSIDIARIES

Condensed Notes to Unaudited Consolidated Financial Statements

1. BASIS OF PRESENTATION

Description of Business — As of June 25, 2017, Bravo Brio Restaurant Group, Inc. (the "Company") operated 114 restaurants under the trade names "Bravo! Cucina Italiana®," "Brio Tuscan Grille™," and "Bon Vie®." Of the 114 restaurants the Company operates, there are 50 Bravo! Cucina Italiana® restaurants, 63 Brio Tuscan Grille™ restaurants and one Bon Vie® restaurant in operation in 33 states throughout the United States of America. The Company owns all of its restaurants with the exception of one Brio Tuscan Grille™ restaurant, which it operates under a management agreement and for which operation it receives a management fee. Additionally, one Brio Tuscan Grille™ restaurant is operated under a franchise agreement.

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information. Accordingly, they do not include all the information and disclosures required by GAAP for complete financial statements. The operating results included herein are not necessarily indicative of results for any other interim period or for the full fiscal year.

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances at the time. Actual amounts may differ from those estimates.

Certain information and disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to applicable rules and regulations of the Securities and Exchange Commission ("SEC"). In the opinion of management, the unaudited consolidated financial statements include all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation. These unaudited consolidated financial statements and related condensed notes should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 2016 filed with the SEC on March 6, 2017 (the "2016 Annual Report on Form 10-K").

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU provides a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. Additionally, this guidance expands related disclosure requirements. The pronouncement is effective for annual and interim reporting periods beginning after December 15, 2017. Early adoption is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. This ASU permits the use of either the retrospective or cumulative effect transition method. The Company is currently evaluating the overall impact this ASU will have on its consolidated financial statements. While the Company continues to assess all potential impacts of this ASU, it currently believes the most significant impact relates to accounting for unredeemed gift cards (breakage). Under this ASU, the Company expects to recognize breakage proportional to actual gift card redemptions. Additionally, this ASU requires enhanced disclosures, including significant judgments in measurement and recognition. The Company is continuing its assessment, which may identify other impacts.

In July 2015, the FASB issued ASU 2015-11, *Inventory: Simplifying the Measurement of Inventory (Topic 330)*. This ASU provides guidance on the subsequent measurement of inventory, which changes the measurement from lower of cost or market to lower of cost and net realizable value. This ASU defines net realizable value as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation and is effective for annual and interim periods beginning after December 15, 2016. The Company adopted this ASU during the thirteen weeks ended March 26, 2017. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires organizations to recognize lease assets and lease liabilities on the balance sheet and also disclose key information about leasing arrangements. This ASU is effective for annual reporting periods beginning on or after December 15, 2018, and interim periods within those annual periods. Earlier application is permitted for all entities as of the beginning of an interim or annual period. As of June 25, 2017, the Company has not adopted this ASU. The Company has not completed the process of evaluating the impact that will result from adopting this ASU and is therefore unable to disclose the impact that adopting this ASU will have on its financial position, results of operations, and cash flows.

In March 2016, the FASB issued ASU 2016-09, *Compensation - Stock Compensation (Topic 718)*. This ASU is intended to simplify several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. This ASU is effective for annual reporting periods beginning on or after December 15, 2016, and interim periods within those annual periods. The Company adopted this ASU during the thirteen weeks ended March 26, 2017. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

In May 2017, the FASB issued ASU 2017-09, *Compensation - Stock Compensation: Scope of Modification Accounting*. This ASU provides clarity and reduces complexity when an entity has changes to the terms or conditions of a share-based payment award, and when an entity should apply modification accounting. This ASU is effective for annual reporting periods beginning on or after December 15, 2017, and interim periods within those annual periods. Early adoption is permitted for interim and annual periods. The Company has not yet adopted this guidance. The adoption of this ASU is not expected to have a material impact on the Company's consolidated financial statements.

2. NET INCOME PER SHARE

Basic earnings per share (EPS) data is computed based on weighted average common shares outstanding during the period. Diluted EPS data is computed based on weighted average common shares outstanding, including all potentially issuable common shares.

(in thousands, except per share data)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 25, 2017	June 26, 2016	June 25, 2017	June 26, 2016
Net income (loss)	$ 1,946	$ (654)	$ 2,496	$ 1,594
Weighted average common shares outstanding	15,174	14,597	15,144	14,681
Effect of dilutive securities:				
Stock options	20	—	21	622
Restricted stock	27	—	10	28
Weighted average common and potentially issuable common shares outstanding—diluted	15,221	14,597	15,175	15,331
Basic net income (loss) per common share	$ 0.13	$ (0.04)	$ 0.16	$ 0.11
Diluted net income (loss) per common share	$ 0.13	$ (0.04)	$ 0.16	$ 0.10

Shares of common stock equivalents of 189,472 were excluded from the diluted calculation due to their anti-dilutive effect for the thirteen weeks ended June 25, 2017. Shares of common stock equivalents of 1,024,215 were excluded from the diluted calculation for the thirteen weeks ended June 26, 2016 due to the net loss during the period. Shares of common stock equivalents of 190,222 and 94,795 were excluded from the diluted calculation due to their anti-dilutive effect for the twenty-six weeks ended June 25, 2017 and June 26, 2016, respectively.

3. LONG-TERM DEBT

Long-term debt at June 25, 2017 and December 25, 2016 consisted of the following (in thousands):

	June 25, 2017	December 25, 2016
Term loan	$ 32,000	$ 34,000
Revolving credit facility	6,700	7,500
Total	38,700	41,500
Less current maturities	7,000	4,000
Long-term debt	$ 31,700	$ 37,500

On November 5, 2014, the Company entered into a credit agreement (the "2014 Credit Agreement") with a syndicate of financial institutions with respect to its senior credit facilities. On October 31, 2016, the Company entered into an amendment to the 2014 Credit Agreement (the "Amendment"). The Amendment redefined the Company's senior credit facilities and provides for (i) a $35.0 million term loan facility, maturing in 2019, and (ii) a revolving credit facility under which the Company may borrow up to $30.0 million (including a sublimit cap of up to $10.0 million for letters of credit and up to $10.0 million for swing-line loans), maturing in 2019.

Borrowings under the senior credit facilities bear interest at (i) the Base Rate (as such term is defined in the Amendment) plus the applicable margin of 1.50% to 2.00% or (ii) at a fixed rate for a period of one, two, three or six months equal to the London interbank offered rate, LIBOR, plus the applicable margin of 2.50% to 3.00%. In addition to making fixed quarterly principal payments under the Company’s senior credit facilities, the Company is required to pay an unused facility fee to the lenders equal to 0.30% to 0.50% per annum on the aggregate amount of the unused revolving credit facility, excluding swing-line loans, payable quarterly in arrears. Borrowings under the Company’s senior credit facilities are collateralized by a first priority interest in substantially all tangible and intangible personal property of the Company and its subsidiaries.

The 2014 Credit Agreement provides for bank guarantees under standby letter of credit arrangements in the normal course of business operations. The standby letters of credit are cancellable only at the option of the beneficiary who is authorized to draw drafts on the issuing bank up to the face amount of the standby letters of credit in accordance with its credit. As of June 25, 2017, the maximum exposure under these standby letters of credit was $2.9 million.

Pursuant to the Amendment, the Company is required to meet certain financial covenants including a minimum consolidated fixed charge coverage ratio, a maximum consolidated lease-adjusted leverage ratio and a minimum earnings before interest, taxes, depreciation and amortization. In addition to these financial tests, the Amendment places limitations on new restaurant leases until the lease-adjusted leverage ratio meets certain thresholds.

On June 2, 2017, the Company received notice from Wells Fargo Bank, as administrative agent under the Amendment, of the occurrence of certain events of default occurring between May 8, 2017 and June 2, 2017 related to the Company's noncompliance with the maximum lease-adjusted leverage ratio contained in the Amendment. On June 8, 2017, the Company received a waiver of noncompliance with this financial covenant that was effective until July 14, 2017. On July 13, 2017, the Company entered into an amended and restated waiver agreement, which further extended the waiver until August 25, 2017.

As more fully described in Note 8, on August 1, 2017, the Company entered into a second amendment to the 2014 Credit Agreement (the "Second Amendment"). The Second Amendment provides for (i) a permanent waiver of the covenant noncompliance, described above (ii) the amendment of the termination date of the senior credit facilities to December 1, 2018, (iii) a reduction of the amount the Company may borrow pursuant to its revolving credit facility, (iv) an increase in the flexibility of the financial covenants under the Amendment, and (v) an increase to the fixed quarterly principal payments.

4. STOCK BASED COMPENSATION

In June 2006, the Company adopted the Bravo Development, Inc. Option Plan (the “2006 Plan”) in order to provide an incentive to employees. In conjunction with the Company’s initial public offering, all of the then outstanding options under the 2006 Plan became exercisable and the 2006 Plan was terminated. No further compensation costs will be recorded under the 2006 Plan. The 2006 Plan was replaced with the Bravo Brio Restaurant Group, Inc. Stock Incentive Plan (the “Stock Incentive Plan”), which was adopted in October 2010.

2006 Plan

Stock option activity for the twenty-six weeks ended June 25, 2017 is summarized as follows:

	Number of Shares		Weighted Average Exercise Price
Outstanding at December 25, 2016	56,691	$	1.45
Exercised	(13,228)	$	1.45
Granted	—	$	—
Forfeited	(23,509)	$	1.45
Outstanding at June 25, 2017	19,954	$	1.45
Exercisable at June 25, 2017	19,954	$	1.45

At June 25, 2017, the weighted-average remaining contractual term of options outstanding was approximately 2.3 years and all of the options were exercisable. Aggregate intrinsic value is calculated as the difference between the Company's closing price at the end of the fiscal quarter and the exercise price, multiplied by the number of in-the-money options and represents the pre-tax amount that would have been received by the option holders had they all exercised such options on the fiscal quarter end date. The aggregate intrinsic value for outstanding and exercisable options at June 25, 2017 was $0.1 million.

Stock Incentive Plan

Restricted stock activity for the twenty-six weeks ended June 25, 2017 is summarized as follows:

	Number of Shares		Weighted-Average Grant Date Fair Value
Outstanding at December 25, 2016	320,570	$	9.20
Granted	228,500	$	4.75
Vested	(98,123)	$	10.96
Forfeited	(12,225)	$	10.23
Outstanding at June 25, 2017	438,722	$	6.46

Fair value of the outstanding shares of restricted stock is based on the average of the high and low price of the Company's shares on the date immediately preceding the date of grant. Stock compensation costs related to shares of restricted stock were approximately $0.5 million and $0.6 million for the twenty-six weeks ended June 25, 2017 and June 26, 2016, respectively. As of June 25, 2017, total unrecognized stock-based compensation expense related to non-vested shares of restricted stock was approximately $2.4 million taking into account potential forfeitures, which is expected to be recognized over a weighted average period of approximately 3.1 years. These shares of restricted stock will vest, subject to certain exceptions, annually over a four-year period. The Company's restricted stock award agreements allow employees to surrender to the Company shares of stock upon vesting in lieu of their payment of the required personal employment-related taxes. Employees surrendered to the Company 9,450 and 21,706 shares of restricted stock towards the minimum statutory tax withholdings, which the Company recorded as a reduction in common shares in the amount of approximately $43.0 thousand and $161.0 thousand, for the twenty-six weeks ended June 25, 2017 and June 26, 2016, respectively.

5. INCOME TAXES

Deferred tax assets are reduced by a valuation allowance if, based on the weight of the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. Both positive and negative evidence are considered in forming management's judgment as to whether a valuation allowance is appropriate, and more weight is given to evidence that can be objectively verified. Due to the impairment charges recorded during 2016 and 2015, the Company is in a three-year cumulative loss position. According to ASC Topic No. 740, Income Taxes ("ASU 740"), cumulative losses in recent years represent significant negative evidence in considering whether deferred tax assets are realizable. Based on the required weight of that evidence under ASC 740, the Company has determined that a valuation allowance was needed for all of its net deferred income tax assets. The Company recorded valuation allowances of $65.2 million and $64.7 million as of June 25, 2017 and December 25, 2016, respectively. The tax benefits relating to any reversal of the valuation allowance on the net deferred tax assets will be recognized as a reduction of future income tax expense.

6. COMMITMENTS AND CONTINGENCIES

The Company is subject to various claims, possible legal actions, and other matters arising out of the normal course of business. While it is not possible to predict the outcome of these issues, management is of the opinion that adequate provision for potential losses has been made in the accompanying consolidated financial statements.

In May 2016, a former restaurant hourly employee filed a putative class and collective action lawsuit in the United States District Court for the Southern District of Missouri, *Mamdooh Hussein v. Bravo Brio Restaurant Group, Inc.*, alleging that the Company violated Missouri wage and hour law and the Fair Labor Standards Act, as interpreted by the Department of Labor, by not paying regular minimum wage for time spent performing non-tipped duties. In March 2017, the Company and the plaintiffs in this litigation agreed in principle to settle the litigation. Based upon the conditions of this settlement, the Company has recorded a total expense of $2.1 million in potential settlement and legal costs during the twenty six weeks ended June 25, 2017, but the proposed settlement may result in a loss of $1.8 million in excess of the amount recorded. In 2016, the Company recorded $0.5 million in potential settlement and legal costs related to this matter.

In August 2016, a former restaurant hourly employee filed a putative class and collective action lawsuit in the United States District Court for the Western District of New York, *Robert Andreescu v. Bravo Brio Restaurant Group, Inc.*, alleging that the Company violated New York wage and hour law and the Fair Labor Standards Act, as interpreted by the Department of Labor, by not paying regular minimum wage for time spent performing non-tipped duties. The lawsuit seeks unspecified penalties in addition to other monetary payments. The Company intends to defend this case vigorously, but it is not possible at this time to reasonably estimate the outcome of or any potential liability from this case.

During the twenty six weeks ended June 25, 2017, the Company settled a loss claim asserted by the Company which previously arose and recognized a gain of $0.5 million to general and administrative expenses. The majority of the gain pertained to compensation for the Company's lost operating income awarded by the claims administrator pursuant to the settlement agreement reached in litigation related to the 2010 Deepwater Horizon oil spill in the Gulf of Mexico.

7. IMPAIRMENT OF LONG-LIVED ASSETS

The Company reviews long-lived assets, such as property, equipment and intangibles subject to amortization, for impairment when events or circumstances indicate the carrying value of the assets may not be recoverable. The Company has determined that its asset group for impairment testing is comprised of the assets and liabilities of each of its individual restaurants, as this is the lowest level of identifiable cash flows and primarily includes an assessment of historical cash flows and other relevant factors and circumstances. As part of the review, the Company also takes into account that its business is highly sensitive to seasonal fluctuations such as the holiday season at the end of the fourth quarter as it significantly impacts its short and long term projections for each location. The other factors and circumstances include changes in the economic environment, changes in the manner in which assets are used, unfavorable changes in legal factors or business climate, incurring excess costs in construction of the asset, overall restaurant operating performance and projections for future performance. These estimates result in a wide range of variability on a year to year basis due to the nature of the criteria.

The Company evaluates future undiscounted cash flow projections in conjunction with qualitative factors and future operating plans. The impairment assessment process requires the use of estimates and assumptions regarding future undiscounted cash flows and operating outcomes, which are based upon a significant degree of management's judgment. The estimates used in the impairment analysis represent a Level 3 fair value measurement. At any given time, the Company may be monitoring a small number of locations, and future impairment charges could be required if individual restaurant performance does not improve. The Company forecasts future cash flows by considering recent restaurant level performance, restaurant level operating plans, sales trends, and cost trends for cost of sales, labor and operating expenses. The Company compares this cash flow forecast to the asset's carrying value at the restaurant. Based on this analysis, if the Company determines that the carrying amount of the assets are not recoverable, an impairment charge is recognized based upon the amount by which the asset's carrying value exceeds fair value. The Company incurred a non-cash impairment charge of $1.2 million during the twenty-six weeks ended

June 26, 2016 related to one restaurant. The Company did not recognize an impairment charge during the twenty-six weeks ended June 25, 2017.

8. SUBSEQUENT EVENTS

On August 1, 2017, the Company entered into the Second Amendment. Among other items, the Second Amendment provides for (a) a permanent waiver of noncompliance related to certain events of default occurring between May 8, 2017 and June 2, 2017; (b) the amendment of the maturity date of the senior credit facilities from November 5, 2019 to December 1, 2018, (c) a reduction of the amount the Company may borrow pursuant to its revolving credit facility from $30.0 million (including a sublimit cap of up to $10.0 million for letters of credit and up to $10.0 million for swing-line loans) to (i) $20.0 million (including a sublimit cap of up to $4.0 million for letters of credit and up to $10.0 million for swing-line loans) on August 1, 2017, (ii) $15.0 million (including a sublimit cap of up to $4.0 million for letters of credit and up to $10.0 million for swing-line loans) on December 31, 2017, (iii) $15.0 million (including a sublimit cap of up to $3.0 million for letters of credit and up to $10.0 million for swing-line loans) on March 31, 2018 and (iv) $10.0 million (including a sublimit cap of up to $3.0 million for letters of credit and up to $10.0 million for swing-line loans) on June 30, 2018; and (d) an increase to the fixed quarterly principal payments from $1.0 million per quarter to $2.5 million per quarter beginning on March 31, 2018.

The Second Amendment also modifies the financial tests that the Company is required to meet by lowering the minimum consolidated fixed charge coverage ratio, raising the maximum consolidated lease-adjusted leverage ratio, and lowering the minimum earnings before interest, taxes, depreciation and amortization (as defined by the Amendment).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read this discussion together with our unaudited consolidated financial statements and accompanying condensed notes included herein. Unless indicated otherwise, any reference in this report to the "Company," "we," "us," and "our" refer to Bravo Brio Restaurant Group, Inc. together with its subsidiaries.

This discussion contains forward-looking statements. These statements relate to future events or our future financial performance. We have attempted to identify forward-looking statements by terminology including "anticipates," "believes," "can," "continue," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "should" or "will" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties, and other factors, including those discussed under the heading "Risk Factors" in our 2016 Annual Report on Form 10-K.

Although we believe that the expectations reflected in the forward-looking statements are reasonable based on our current knowledge of our business and operations, we cannot guarantee future results, levels of activity, performance or achievements. We assume no obligation to provide revisions to any forward-looking statements should circumstances change.

The following discussion summarizes the significant factors affecting the consolidated operating results, financial condition, liquidity and cash flows of our company as of and for the periods presented below. The following discussion and analysis should be read in conjunction with our 2016 Annual Report on Form 10-K and the unaudited consolidated financial statements and the related condensed notes thereto included herein.

Overview

We are an owner and operator of two distinct Italian restaurant brands, BRAVO! Cucina Italiana (“BRAVO!”) and BRIO Tuscan Grille (“BRIO”), which for purposes of the following discussion includes our one Bon Vie restaurant. We have positioned our brands as multifaceted culinary destinations that deliver the ambiance, design elements and food quality reminiscent of fine dining restaurants at a value typically offered by casual dining establishments, a combination known as the upscale affordable dining segment. Each of our brands provides its guests with a fine dining experience and value by serving affordable cuisine prepared using fresh flavorful ingredients and authentic Italian cooking methods, combined with attentive service in an attractive, lively atmosphere. We strive to be the best Italian restaurant company in America and are focused on providing our guests an excellent dining experience through consistency of execution.

Our approach to operations continues to focus on core ways to drive and grow our business. We look for new and different ways to increase our comparable sales through various initiatives. We are constantly identifying new potential sites to expand both of our brands by opening new restaurants in the best possible locations within a development and throughout the country. We will continue to evaluate our existing restaurant base to ensure each location is meeting our standards from both an operational and profitability standpoint. Finally, we explore all of our options for deploying our capital in a way that is best for our shareholders and our business.

Our business is sensitive to seasonal fluctuations as, historically, the percentage of operating income earned during the first and fourth quarters has been higher than the other quarters due in part to higher restaurant sales during the winter months in our restaurants located in the southern region of the United States and the year-end holiday season. Our business is also highly sensitive to changes in guest traffic and the operating environment continues to be difficult with negative comparable store sales, driven by negative guest traffic, in each quarter of 2016 and the first two quarters of 2017. Increases and decreases in guest traffic can have a significant impact on our financial results. In recent years, we have faced and we continue to face uncertain economic conditions, which have resulted in changes to our guests’ discretionary spending. To adjust for this decrease in guest traffic, we have focused on controlling product margins and costs while maintaining our high standards for food quality and service and enhancing our guests’ dining experience. We have worked with our distributors and suppliers to control commodity costs, become more efficient with the use of our employee base and found new ways to improve efficiencies across our company. We have increased our electronic advertising, social media communication and public relations activities in order to bring new guests to our restaurants and keep loyal guests coming back to grow our revenues. We have focused resources on highlighting our menu items and promoting our non-entrée selections such as appetizers, desserts and beverages as part of our efforts to drive higher sales volumes at our restaurants.

Recent guest traffic trends and their effect on sales may result in individual restaurants being cash flow negative. For these restaurants, the Company reviews the associated long-lived assets, such as property, equipment and intangibles subject to amortization, for impairment. We are currently monitoring the performance of certain restaurants with negative cash flows. Based on our current projections, no impairment, beyond what has already been recorded, has been identified. However, depending upon the performance trends of these restaurants, an impairment charge may be necessary. See the Company’s significant accounting policies presented in Note 1 to the Company’s consolidated financial statements for the fiscal year ended December 25, 2016, which are contained in our 2016 Annual Report on Form 10-K, for further information regarding the Company's accounting policy for impairment of long-lived assets and intangible assets.

Results of Operations

Thirteen Weeks Ended June 25, 2017 Compared to the Thirteen Weeks Ended June 26, 2016

The following table sets forth, for the periods indicated, our consolidated statements of operations both on an actual basis and expressed as a percentage of revenues.

	Thirteen Weeks Ended					
	June 25, 2017	% of Revenues	June 26, 2016	% of Revenues	Change	% Change
			(dollars in thousands)			
Revenues	$ 103,041	100.0%	$ 105,213	100 %	$ (2,172)	(2.1)%
Costs and expenses						
Cost of sales	26,277	25.5%	27,235	25.9 %	(958)	(3.5)%
Labor	38,467	37.3%	39,751	37.8 %	(1,284)	(3.2)%
Operating	16,700	16.2%	17,612	16.7 %	(912)	(5.2)%
Occupancy	7,307	7.1%	7,477	7.1 %	(170)	(2.3)%
General and administrative expenses	6,375	6.2%	6,574	6.2 %	(199)	(3.0)%
Restaurant preopening costs	121	0.1%	73	0.1 %	48	65.8 %
Impairment	— 0.02	—% —	1,249	1.2 % 0.01	(1,249) —	-
Depreciation and amortization	5,143	5.0%	5,547	5.3 %	(404)	(7.3)%
Total costs and expenses	100,390	97.4%	105,518	100.3 %	(5,128)	(4.9)%
Income (loss) from operations	2,651	2.6%	(305)	(0.3)%	2,956	-
Interest expense, net	529	0.5%	344	0.3 %	185	53.8 %
Income (loss) before income taxes	2,122	2.1%	(649)	(0.6)%	2,771	-
Income tax expense	176	0.2%	5	— %	171	-
Net income (loss)	**$ 1,946**	**1.9%**	**$ (654)**	**(0.6)%**	**$ 2,600**	**-**

Certain percentage amounts may not sum due to rounding. Percentages over 100% are not shown.

Revenues. Revenues decreased $2.2 million, or 2.1%, to $103.0 million for the thirteen weeks ended June 25, 2017, as compared to $105.2 million for the thirteen weeks ended June 26, 2016. The decrease of $2.2 million was due to a decrease of 1.0%, or $1.0 million, in comparable restaurant sales, which was the result of a 4.0% decrease in guest counts and a 3.0% increase in average check for the thirteen weeks ended June 25, 2017 as compared to the thirteen weeks ended June 26, 2016. We consider a restaurant to be part of the comparable restaurant base in the first full quarter following the eighteenth month of operations.

For our BRAVO! brand, restaurant revenues decreased $2.0 million, or 5.0%, to $37.7 million for the thirteen weeks ended June 25, 2017 as compared to $39.7 million for the thirteen weeks ended June 26, 2016. Comparable restaurant sales for the BRAVO! brand restaurants decreased 1.1%, or $0.4 million, to $36.4 million for the thirteen weeks ended June 25, 2017 as compared to $36.8 million for the thirteen weeks ended June 26, 2016 due to a decrease in guest counts, partially offset by an increase in average check. Revenues for BRAVO! brand restaurants not included in the comparable restaurant base decreased $1.6 million to $1.3 million for the thirteen weeks ended June 25, 2017 as compared to $2.9 million for the thirteen weeks ended June 26, 2016. The decrease of $1.6 million was primarily due to the closure of two BRAVO restaurants in the third quarter of 2016 and one restaurant closure in the current period. At June 25, 2017, there were 48 BRAVO! restaurants included in the comparable restaurant base and two BRAVO! restaurants not included in the comparable restaurant base.

For our BRIO brand, restaurant revenues decreased $0.2 million, or 0.4%, to $65.3 million for the thirteen weeks ended June 25, 2017 as compared to $65.5 million for the thirteen weeks ended June 26, 2016. Comparable restaurant sales for the BRIO brand restaurants decreased 0.9%, or $0.6 million, to $62.9 million for the thirteen weeks ended June 25, 2017 as compared to $63.5 million for the thirteen weeks ended June 26, 2016 due to a decrease in guest counts, partially offset by an increase in average check. Revenues for BRIO brand restaurants not included in the comparable restaurant base increased $0.4 million to $2.4 million for the thirteen weeks ended June 25, 2017 as compared to $2.0 million for the thirteen weeks ended June 26, 2016. The increase of $0.4 million was primarily due to the opening of one BRIO restaurant in the fourth quarter of 2016 and the closure of two BRIO restaurants during the period. At June 25, 2017, there were 61 BRIO restaurants included in the comparable restaurant base and two BRIO restaurants not included in the comparable restaurant base.

Cost of Sales. Cost of sales decreased $0.9 million, or 3.5%, to $26.3 million for the thirteen weeks ended June 25, 2017 as compared to $27.2 million for the thirteen weeks ended June 26, 2016. The decrease was primarily due to additional costs associated with the initial testing and implementation of a new menu at both brands during the second quarter of 2016. As a percentage of revenues, cost of sales decreased to 25.5% for the thirteen weeks ended June 25, 2017 as compared to 25.9% for the thirteen weeks ended June 26, 2016. The decrease was primarily due to increases in average check at both brands during the thirteen weeks ended June 25, 2017 as well as additional costs associated with the implementation of a new menu at both brands during the second quarter of the 2016. As a percentage of revenues, food costs decreased 0.3% to 21.2% for the thirteen weeks ended June 25, 2017 as compared to 21.5% for the thirteen weeks ended June 26, 2016. Beverage costs decreased 0.1% to 4.3% for the thirteen weeks ended June 25, 2017 as compared to 4.4% for the the thirteen weeks ended June 26, 2016.

Labor Costs. Labor costs decreased $1.3 million, or 3.2%, to $38.5 million for the thirteen weeks ended June 25, 2017 as compared to $39.8 million for the thirteen weeks ended June 26, 2016. This decrease was primarily due to additional training costs associated with the initial testing and implementation of a new menu at both brands during the second quarter of 2016. As a percentage of revenues, labor costs decreased to 37.3% for the thirteen weeks ended June 25, 2017, from 37.8% for the thirteen weeks ended June 26, 2016, primarily due to additional training costs associated with the initial testing and implementation of a new menu at both brands during the second quarter of 2016.

Operating Costs. Operating costs decreased $0.9 million, or 5.2%, to $16.7 million for the thirteen weeks ended June 25, 2017 as compared to $17.6 million for the thirteen weeks ended June 26, 2016. This decrease was primarily due to a decrease in supplies costs during the thirteen weeks ended June 25, 2017. As a percentage of revenues, operating costs decreased to 16.2% for the thirteen weeks ended June 25, 2017, from 16.7% for the thirteen weeks ended June 26, 2016, primarily due to a decrease in supplies costs.

Occupancy Costs. Occupancy costs decreased $0.2 million, or 2.3%, to $7.3 million for the thirteen weeks ended June 25, 2017 as compared to $7.5 million for the thirteen weeks ended June 26, 2016. This decrease was primarily due to the impact of a net reduction of 40 operating weeks in 2017 as compared to 2016. As a percentage of revenues, occupancy costs remained flat at 7.1% for the thirteen weeks ended June 25, 2017 and June 26, 2016.

General and Administrative. General and administrative expenses decreased by $0.2 million, or 3.0%, to $6.4 million for the thirteen weeks ended June 25, 2017, as compared to $6.6 million for the thirteen weeks ended June 26, 2016. As a percentage of revenues, general and administrative expenses remained flat at 6.2% for the thirteen weeks ended June 25, 2017 and June 26, 2016.

Restaurant Pre-opening Costs. Pre-opening costs increased by $48 thousand to $121 thousand for the thirteen weeks ended June 25, 2017, as compared to $73 thousand for the thirteen weeks ended June 26, 2016. Year over year changes in pre-opening costs are driven by the timing and number of restaurant openings in a given period. During the thirteen weeks ended June 25, 2017, we did not open any restaurants and had one restaurant under construction. During the thirteen weeks ended June 26, 2016, we did not open any restaurants and did not have any restaurants under construction.

Impairment. We review long-lived assets, such as property and equipment and intangibles subject to amortization, for impairment when events or circumstances indicate the carrying value of the assets may not be recoverable. Factors considered include, but are not limited to, significant underperformance relative to expected historical or projected future operating results, significant changes in the use of assets, changes in our overall business strategy and significant negative industry or economic trends. Our impairment charges have been incurred as a result of locations that have had lower than anticipated traffic near the restaurant and locations that have opened in areas with lower than normal retail co-tenancy. Based upon our analysis, we did not incur a non-cash impairment charge during the thirteen weeks ended June 25, 2017. We incurred a non-cash impairment charge of $1.2 million during the thirteen weeks ended June 26, 2016 related to one restaurant.

Depreciation and Amortization. Depreciation and amortization expenses decreased by $0.4 million to $5.1 million for the thirteen weeks ended June 25, 2017, as compared to $5.5 million for the thirteen weeks ended June 26, 2016. This decrease was primarily due to asset impairment charges incurred in 2016. As a percentage of revenues, depreciation and amortization expenses decreased to 5.0% for the thirteen weeks ended June 25, 2017 as compared to 5.3% for the thirteen weeks ended June 26, 2016. The decrease, as a percentage of revenues, was due to asset impairment charges incurred in 2016.

Net Interest Expense. Net interest expense increased by $0.2 million to $0.5 million for the thirteen weeks ended June 25, 2017, as compared to $0.3 million for the thirteen weeks ended June 26, 2016. This increase was primarily due to higher borrowing rates for the thirteen weeks ended June 25, 2017 after giving effect to the Amendment, as compared to the borrowing rates for the thirteen weeks ended June 26, 2016.

Income Taxes. Income tax expense increased $171 thousand to $176 thousand for the thirteen weeks ended June 25, 2017, as compared to $5 thousand for the thirteen weeks ended June 26, 2016. The increase in income tax expense was due to the difference in the estimated annual effective tax rate of approximately 5% for the thirteen weeks ended June 25, 2017 as compared to approximately 10% as well as a loss before taxes, which was primarily driven by an impairment charge, for the thirteen weeks ended June 26, 2016.

Non-GAAP Measures. Adjusted net income and Adjusted net income per share are supplemental measures of our performance that are not required or presented in accordance with generally accepted accounting principles, or GAAP. These non-GAAP measures may not be comparable to similarly titled measures used by other companies and should not be considered by themselves or as a substitute for measures of performance prepared in accordance with GAAP.

We calculate these non-GAAP measures by adjusting net income and net income per share for the impact of certain non-comparable items that are reflected in our GAAP results. We believe these adjusted measures provide investors with additional information to facilitate the comparison of our past and present financial results and assist users of the financial statements to better understand our results. We utilize results that both include and exclude the identified items in evaluating our business performance. However, our inclusion of these adjusted measures should not be construed as an indication that our future results will not be affected by certain unusual or non-comparable items.

The following is a reconciliation from net income and net income per share to the corresponding adjusted measures (dollars in thousands, except per share data):

	Thirteen Weeks Ended	
	June 25, 2017	June 26, 2016
Net income (loss)	$ 1,946	$ (654)
Impact from:		
Asset impairment charges (1)	—	1,249
Reserve for uncertain tax positions (2)	—	265
Tax expense from excess tax deficiency for option exercises (3)	—	134
Income tax expense (4)	—	(125)
Adjusted net income	$ 1,946	$ 869

	Basic		Diluted	
	June 25, 2017	June 26, 2016	June 25, 2017	June 26, 2016
Net income(loss) per share	$ 0.13	$ (0.04)	$ 0.13	$ (0.04)
Impact from:				
Asset impairment charges (1)	—	0.08	—	0.08
Reserve for uncertain tax positions (2)	—	0.02	—	0.02
Tax expense from excess tax deficiency for option exercises (3)	—	0.01	—	0.01
Income tax expense (4)	—	(0.01)	—	(0.01)
Adjusted net income per share	$ 0.13	$ 0.06	$ 0.13	$ 0.06
Weighted average shares outstanding (5)	15,174	14,597	15,221	15,227

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1) Reflects non-cash asset impairment charges for the thirteen weeks ended June 26, 2016 for one restaurant.
2) During the thirteen weeks ended June 26, 2016, the Company determined that settlement of the Internal Revenue Service audit of the Company's fiscal year ended December 26, 2010 was more likely than not and recorded a reserve for an uncertain tax position.
3) Reflects the excess tax deficiency associated with the exercise of stock options during the period.
4) Reflects the adjustments for income taxes, at our estimated annual effective tax rate, related to impairment charges.
5) Diluted weighted average shares outstanding includes all potentially issuable common shares, except in a loss position, in which case diluted weighted average shares outstanding is equal to basic weighted average shares outstanding.

Table of Contents

Twenty-Six Weeks Ended June 25, 2017 Compared to the Twenty-Six Weeks Ended June 26, 2016

The following table sets forth, for the periods indicated, our consolidated statements of operations both on an actual basis and expressed as a percentage of revenues.

	Twenty-Six Weeks Ended					
	June 25, 2017	% of Revenues	June 26, 2016	% of Revenues	Change	% Change
	(dollars in thousands)					
Revenues	$ 209,760	100%	$ 214,013	100%	$ (4,253)	(2.0)%
Costs and expenses						
Cost of sales	54,488	26.0%	55,242	25.8%	(754)	(1.4)%
Labor	77,537	37.0%	79,016	36.9%	(1,479)	(1.9)%
Operating	33,785	16.1%	35,194	16.4%	(1,409)	(4.0)%
Occupancy	15,756	7.5%	15,586	7.3%	170	1.1 %
General and administrative expenses	14,046	6.7%	13,245	6.2%	801	6.0 %
Restaurant preopening costs	150	0.1%	514	0.2%	(364)	(70.8)%
Impairment	—	—%	1,249	0.6%	(1,249)	-
Depreciation and amortization	10,257	4.9%	11,080	5.2%	(823)	(7.4)%
Total costs and expenses	206,019	98.2%	211,126	98.7%	(5,107)	(2.4)%
Income from operations	3,741	1.8%	2,887	1.3%	854	29.6 %
Interest expense, net	1,040	0.5%	692	0.3%	348	50.3 %
Income before income taxes	2,701	1.3%	2,195	1.0%	506	23.1 %
Income tax expense	205	0.1%	601	0.3%	(396)	(65.9)%
Net income	**$ 2,496**	**1.2%**	**$ 1,594**	**0.7%**	**$ 902**	**56.6 %**

Certain percentage amounts may not sum due to rounding. Percentages over 100% are not shown.

Revenues. Revenues decreased $4.2 million, or 2.0%, to $209.8 million for the twenty-six weeks ended June 25, 2017, as compared to $214.0 million for the twenty-six weeks ended June 26, 2016. The decrease of $4.2 million was primarily due to a decrease in comparable restaurant sales of 1.6%, or $3.4 million, which was the result of a 3.6% decrease in guest counts and a 2.0% increase in average check. We consider a restaurant to be part of the comparable restaurant base in the first full quarter following the eighteenth month of operations.

For our BRAVO! brand, restaurant revenues decreased $3.6 million, or 4.6%, to $75.9 million for the twenty-six weeks ended June 25, 2017 as compared to $79.5 million for the twenty-six weeks ended June 26, 2016. Comparable restaurant sales for the BRAVO! brand restaurants decreased 2.0%, or $1.5 million, to $73.4 million for the twenty-six weeks ended June 25, 2017 as compared to $74.9 million for the twenty-six weeks ended June 26, 2016. This decrease was due to a decrease guest counts, partially offset by an increase in average check during the first twenty-six weeks of 2017. Revenues for BRAVO! brand restaurants not included in the comparable restaurant base decreased $2.1 million to $2.5 million for the twenty-six weeks ended June 25, 2017 as compared to $4.6 million for the twenty-six weeks ended June 26, 2016. The decrease of $2.1 million was primarily due to the impact of two restaurant closures in the third quarter of 2016 and one restaurant closure in the current period. At June 25, 2017, there were 48 BRAVO! restaurants included in the comparable restaurant base and two BRAVO! restaurants not included in the comparable restaurant base.

For our BRIO brand, restaurant revenues decreased $0.7 million, or 0.5%, to $133.7 million for the twenty-six weeks ended June 25, 2017 as compared to $134.4 million for the twenty-six weeks ended June 26, 2016. Comparable restaurant sales for the BRIO brand restaurants decreased 1.4%, or $1.9 million, to $128.6 million for the twenty-six weeks ended June 25, 2017 as compared to $130.5 million for the twenty-six weeks ended June 26, 2016. This decrease was due to a decrease in guest counts, partially offset by an increase in average check during the first twenty-six weeks of 2017. Revenues for BRIO brand restaurants not included in the comparable restaurant base increased $1.2 million to $5.1 million for the twenty-six weeks ended June 25, 2017 as compared to $3.9 million for the twenty-six weeks ended June 26, 2016. The increase of $1.2 million was primarily due to the opening of three BRIO restaurants in 2016. At June 25, 2017, there were 61 BRIO restaurants included in the comparable restaurant base and two BRIO restaurants not included in the comparable restaurant base.

Cost of Sales. Cost of sales decreased approximately $0.7 million, or 1.4%, to $54.5 million for the twenty-six weeks ended June 25, 2017 as compared to $55.2 million for the twenty-six weeks ended June 26, 2016. The decrease was primarily due to the additional costs associated with the initial testing and implementation of a new menu at both brands during the second quarter of 2016. As a percentage of revenues, cost of sales increased to 26.0% for the twenty-six weeks ended June 25, 2017 as compared to 25.8% for the twenty-six weeks ended June 26, 2016. As a percentage of revenues, food costs increased 0.3% to 21.6% for the twenty-six weeks ended June 25, 2017 as compared to 21.3% for the twenty-six weeks ended June 26, 2016. Beverage costs, as a percentage of revenues, decreased 0.1% to 4.4% for the twenty-six weeks ended June 25, 2017 as compared to 4.5% for the twenty-six weeks ended June 26, 2016.

Labor Costs. Labor costs decreased $1.5 million, or 1.9%, to $77.5 million for the twenty-six weeks ended June 25, 2017, as compared to $79.0 million for the twenty-six weeks ended June 26, 2016. This decrease was primarily due to additional training costs associated with the initial testing and implementation of a new menu at both brands during the second quarter of 2016. As a percentage of revenues, labor costs increased to 37.0% for the twenty-six weeks ended June 25, 2017 as compared to 36.9% for the twenty-six weeks ended June 26, 2016. The increase was primarily due the deleveraging resulting from the decrease in comparable restaurant sales in the first twenty-six weeks of 2017 as compared to the same period in the prior year.

Operating Costs. Operating costs decreased $1.4 million, or 4.0%, to $33.8 million for the twenty-six weeks ended June 25, 2017, as compared to $35.2 million for the twenty-six weeks ended June 26, 2016. This decrease was primarily due to a decrease in supplies costs during the twenty-six weeks ended June 25, 2017. As a percentage of revenues, operating costs decreased to 16.1% for the twenty-six weeks ended June 25, 2017 as compared to 16.4% for the twenty-six weeks ended June 26, 2016. This decrease was primarily due to a decrease in supplies costs during the twenty-six weeks of 2017 as compared to the same period in the prior year.

Occupancy Costs. Occupancy costs increased $0.2 million, or 1.1%, to $15.8 million for the twenty-six weeks ended June 25, 2017, as compared to $15.6 million for the twenty-six weeks ended June 26, 2016. This increase was primarily due to a reduction in the amortization of deferred incentives. As a percentage of revenues, occupancy costs increased to 7.5% for the twenty-six weeks ended June 25, 2017 as compared to 7.3% for the twenty-six weeks ended June 26, 2016 due to the deleveraging resulting from the decrease in comparable restaurant sales in the first twenty-six weeks of 2017 as compared to the same period in the prior year.

General and Administrative. General and administrative expenses increased by $0.8 million, or 6.0%, to $14.0 million for the twenty-six weeks ended June 25, 2017, as compared to $13.2 million for the twenty-six weeks ended June 26, 2016. This increase was primarily due to an increase in litigation costs during the twenty-six weeks ended June 25, 2017. As a percentage of revenues, general and administrative expenses increased to 6.7% for the twenty-six weeks ended June 25, 2017 as compared to 6.2% for the twenty-six weeks ended June 26, 2016, due mainly to an increase in litigation costs as well as the deleveraging resulting from the decrease in comparable restaurant sales in the first twenty-six weeks of 2017 as compared to the same period in the prior year.

Restaurant Pre-opening Costs. Pre-opening costs decreased by $0.3 million to $0.2 million for the twenty-six weeks ended June 25, 2017 as compared to $0.5 million for the twenty-six weeks ended June 26, 2016. Year over year changes in pre-opening costs are driven by the timing and number of restaurant openings in a given period. During the first twenty-six weeks of 2017, we did not open any restaurants and had one restaurant under construction. In the first twenty-six weeks of 2016, we opened two restaurants and had no restaurants under construction.

Impairment. We review long-lived assets, such as property and equipment and intangibles subject to amortization, for impairment when events or circumstances indicate the carrying value of the assets may not be recoverable. Factors considered include, but are not limited to, significant underperformance relative to expected historical or projected future operating results, significant changes in the use of assets, changes in our overall business strategy and significant negative industry or economic trends. Our impairment charges have been incurred as a result of locations that have had lower than anticipated traffic near the restaurant and locations that have opened in areas with lower than normal retail co-tenancy. Based upon our analysis, we did not incur a non-cash impairment charge during the twenty-six weeks ended June 25, 2017. We incurred a non-cash impairment charge of $1.2 million during the twenty-six weeks ended June 26, 2016 related to one restaurant.

Depreciation and Amortization. Depreciation and amortization expenses decreased $0.8 million to $10.3 million for the twenty-six weeks ended June 25, 2017 as compared to $11.1 million for the twenty-six weeks ended June 26, 2016. This decrease was primarily due to asset impairment charges incurred in 2016. As a percentage of revenues, depreciation and amortization expenses decreased to 4.9% for the twenty-six weeks ended June 25, 2017 as compared to 5.2% for the twenty-six weeks ended June 26, 2016. The decrease, as a percentage of revenues, was due to asset impairment charges incurred in 2016.

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Net Interest Expense. Net interest expense increased by $0.3 million to $1.0 million for the twenty-six weeks ended June 25, 2017 as compared to $0.7 million and the twenty-six weeks ended June 26, 2016. This increase was primarily due to higher borrowing rates for the twenty-six weeks ended June 25, 2017 after giving effect to the Amendment, as compared to the borrowing rates for the twenty-six weeks ended June 26, 2016.

Income Taxes. Income tax expense decreased $0.4 million to $0.2 million for the twenty-six weeks ended June 25, 2017 as compared to an income tax expense of $0.6 million for the twenty-six weeks ended June 26, 2016. The decrease in income tax expense was due to the difference in the estimated annual effective tax rate of approximately 5% for the twenty-six weeks ended June 25, 2017 as compared to an estimated annual effective tax rate of approximately 10% for the twenty-six weeks ended June 26, 2016

Non-GAAP Measures. Adjusted net income and Adjusted net income per share are supplemental measures of our performance that are not required or presented in accordance with generally accepted accounting principles, or GAAP. These non-GAAP measures may not be comparable to similarly titled measures used by other companies and should not be considered by themselves or as a substitute for measures of performance prepared in accordance with GAAP.

We calculate these non-GAAP measures by adjusting net income and net income per share for the impact of certain non-comparable items that are reflected in our GAAP results. We believe these adjusted measures provide investors with additional information to facilitate the comparison of our past and present financial results and assist users of the financial statements to better understand our results. We utilize results that both include and exclude the identified items in evaluating our business performance. However, our inclusion of these adjusted measures should not be construed as an indication that our future results will not be affected by certain unusual or non-comparable items.

The following is a reconciliation from net income and net income per share to the corresponding adjusted measures (dollars in thousands, except per share data):

	Twenty-Six Weeks Ended	
	June 25, 2017	**June 26, 2016**
Net income	$ 2,496	$ 1,594
Impact from:		
Litigation settlements and expenses, net (1)	1,560	—
Asset impairment charges (2)	—	1,249
Reserve for uncertain tax positions (3)	—	265
Tax expense from excess tax deficiency for option exercises (4)	—	134
Income tax expense (5)	(78)	(125)
Adjusted net income	$ 3,978	$ 3,117

	Basic		Diluted	
	June 25, 2017	June 26, 2016	June 25, 2017	June 26, 2016
Net income per share	$ 0.16	$ 0.11	$ 0.16	$ 0.10
Impact from:				
Litigation settlements and expenses, net (1)	0.10	—	0.10	—
Asset impairment charges (2)	—	0.08	—	0.08
Reserve for uncertain tax positions (3)	—	0.02	—	0.02
Tax expense from excess tax deficiency for option exercises (4)	—	0.01	—	0.01
Income tax expense (5)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)
Adjusted net income per share	$ 0.25	$ 0.21	$ 0.25	$ 0.20
Weighted average shares outstanding	15,144	14,681	15,175	15,331

____
1) See Note 6 to our unaudited consolidated financial statements in Part 1, Item 1 of this report for information regarding litigation settlements and expenses recorded during the twenty-six weeks ended June 26, 2016.
2) Reflects non-cash asset impairment charges for the twenty-six weeks ended June 26, 2016 for one restaurant.
3) During the twenty-six weeks ended June 26, 2016, the Company determined that settlement of the Internal Revenue Service audit of the Company's fiscal year ended December 26, 2010 was more likely than not and recorded a reserve for an uncertain tax position.
4) Reflects the excess tax deficiency associated with the exercise of stock options during the period.
5) Reflects the adjustments for income taxes, at our estimated annual effective tax rate, related to accrued liability for current litigation and impairment charges.

Liquidity

Our principal sources of cash have been net cash provided by operating activities and borrowings under our revolving credit facility. As of June 25, 2017, we had approximately $0.4 million in cash and cash equivalents. On August 1, 2017, the Company entered into the Second Amendment to its senior credit facilities. The Second Amendment reduces the amount we may borrow pursuant to our revolving credit facility from $30.0 million (including a sublimit cap of up to $10.0 million for letters of credit and up to $10.0 million for swing-line loans) to (i) $20.0 million (including a sublimit cap of up to $4.0 million for letters of credit and up to $10.0 million for swing-line loans) on August 1, 2017, (ii) $15.0 million (including a sublimit cap of up to $4.0 million for letters of credit and up to $10.0 million for swing-line loans) on December 31, 2017, (iii) $15.0 million (including a sublimit cap of up to $3.0 million for letters of credit and up to $10.0 million for swing-line loans) on March 31, 2018 and (iv) $10.0 million (including a sublimit cap of up to $3.0 million for letters of credit and up to $10.0 million for swing-line loans) on June 30, 2018. After giving effect to the Second Amendment, as of June 25, 2017, we would have had approximately $10.4 million of availability under our revolving credit facility (after giving effect to $2.9 million of outstanding letters of credit and $6.7 million in outstanding debt under our revolving credit facility).

Our need for capital resources is driven by our restaurant expansion plans, on-going maintenance of our restaurants, existing site remodels and investment in our corporate and information technology infrastructures. Based on our current real estate development plans, we believe our combined expected cash flows from operations, available borrowings under our revolving credit facility and expected landlord lease incentives will be sufficient to finance our planned capital expenditures and other operating activities over the next twelve months.

Consistent with many other restaurant and retail chain store operations, we use operating lease arrangements for the majority of our restaurant locations. We believe that these operating lease arrangements provide appropriate leverage of our capital structure in a financially efficient manner. Currently, operating lease obligations are not reflected as indebtedness on our consolidated balance sheet. The use of operating lease arrangements may impact our capacity to borrow money under our revolving credit facility. However, restaurant real estate operating leases are expressly excluded from the restrictions under our revolving credit facility related to the incurrence of funded indebtedness.

Our liquidity may be adversely affected by a number of factors, including a decrease in guest traffic or average check per guest due to changes in economic conditions, as described in our 2016 Annual Report on Form 10-K under the heading "Risk Factors."

The following table presents a summary of our cash flows for the twenty-six weeks ended June 25, 2017 and June 26, 2016 (dollars in thousands):

	Twenty-Six Weeks Ended	
	June 25, 2017	June 26, 2016
Net cash provided by operating activities	$ 7,404	$ 11,727
Net cash used in investing activities	(4,659)	(7,693)
Net cash used in financing activities	(2,824)	(4,100)
Net decrease in cash and cash equivalents	(79)	(66)
Cash and cash equivalents at beginning of period	444	447
Cash and cash equivalents at end of period	$ 365	$ 381

Operating Activities. Net cash provided by operating activities was $7.4 million for the twenty-six weeks ended June 25, 2017, compared to $11.7 million for the twenty-six weeks ended June 26, 2016. Cash receipts from operations, including the net redemption of gift cards, for the first twenty-six weeks of 2017 and 2016 were $204.2 million and $212.3 million, respectively. Cash expenditures for operations during the first twenty-six weeks of 2017 and 2016 were $196.9 million and $201.1 million, respectively.

Investing Activities. Net cash used in investing activities was $4.7 million for the twenty-six weeks ended June 25, 2017, compared to $7.7 million for the twenty-six weeks ended June 26, 2016. We invest cash to purchase property and equipment related to our restaurant expansion plans, which is related to the timing of spending for our new restaurants as well as the number of restaurants that were opened and under construction during 2017 versus 2016. During the first twenty-six weeks of 2017, we did not open a restaurant and had one restaurant under construction. During the first twenty-six weeks of 2016, we opened two restaurants and did not have any restaurants under construction.

Financing Activities. Net cash used in financing activities was $2.8 million for the twenty-six weeks ended June 25, 2017, compared to net cash used in financing activities of $4.1 million for the twenty-six weeks ended June 26, 2016. For the twenty-six weeks ended June 25, 2017, we had net repayments of $2.8 million on our senior credit facilities. For the twenty-six weeks ended June 26, 2016, we had net repayments of $0.6 million on our revolving credit facility and repurchased $3.5 million in treasury stock.

As of June 25, 2017, we had no financing transactions, arrangements or other relationships with any related parties. Additionally, we had no financing arrangements involving synthetic leases or trading activities involving commodity contracts.

Capital Resources

Future Capital Requirements. Our capital requirements are primarily dependent upon the pace of our real estate development program and existing site remodeling plans. Our real estate development program and existing site remodeling plans are dependent upon many factors, including economic conditions, real estate markets, site locations and the nature of lease agreements. Our capital expenditure outlays are also dependent on costs for maintenance and capacity additions in our existing restaurants as well as information technology and other general corporate capital expenditures.

We anticipate that each new restaurant on average will require a total cash investment of $1.5 million to $2.5 million (net of estimated lease incentives). We expect to spend approximately $0.4 million to $0.5 million per restaurant for cash pre-opening costs. The projected cash investment per restaurant is based on historical averages.

We currently estimate capital expenditures, net of estimated lease incentives, for the remainder of 2017 to be in the range of approximately $5.5 million to $7.5 million, for a total of $9.0 million to $11.0 million for the year 2017. This is primarily related to the opening of one restaurant prior to the end of 2017 as well as normal maintenance related capital expenditures relating to our existing restaurants. In conjunction with this restaurant opening, we anticipate expensing approximately $0.3 million to $0.8 million in pre-opening costs for the remainder of 2017 for a total of approximately $0.5 million to $1.0 million for the year 2017.

Current Resources. Our operations have not required significant working capital and, like many restaurant companies, we have been able to operate with negative working capital. Restaurant sales are primarily paid for in cash or by credit card, and restaurant operations do not require significant inventories or receivables. In addition, we receive trade credit for the purchase of food, beverage and supplies, therefore reducing the need for incremental working capital to support growth. We had a net working capital deficit of $58.9 million at June 25, 2017, compared to a net working capital deficit of $55.5 million at December 25, 2016.

On November 5, 2014, the Company entered into the 2014 Credit Agreement with a syndicate of financial institutions and on October 31, 2016, the Company entered into the Amendment. The Amendment redefines the Company's senior credit facilities and provides for (i) a $35.0 million term loan facility, maturing in 2019, and (ii) a revolving credit facility under which the Company may borrow up to $30.0 million (including a sublimit cap of up to $10.0 million for letters of credit and up to $10.0 million for swing-line loans), maturing in 2019. Our senior credit facilities are (i) jointly and severally guaranteed by each of our existing or subsequently acquired or formed subsidiaries, (ii) secured by a first priority lien on substantially all of our subsidiaries' tangible and intangible personal property and (iii) secured by a pledge of all of the capital stock of our subsidiaries. The Amendment also modified the financial tests that the Company is required to meet by removing the maximum consolidated total leverage ratio, revising the minimum consolidated fixed charge coverage ratio, adding a maximum consolidated lease-adjusted leverage ratio and adding a minimum earnings before interest, taxes, depreciation and amortization as defined by the Amendment. In addition to these financial tests, the Amendment places limitations on new restaurant leases until the lease-adjusted leverage ratio meets certain thresholds. At June 25, 2017, the Company was in compliance with its applicable financial covenants. Additionally, the Amendment contains negative covenants limiting, among other things, additional indebtedness, transactions with affiliates, additional liens, sales of assets, dividends, investments and advances, prepayments of debt, mergers and acquisitions, and other matters customarily restricted in such agreements and customary events of default, including payment defaults, breaches of representations and warranties, covenant defaults, defaults under other material debt, events of bankruptcy and insolvency, failure of any guaranty or security document supporting the senior credit facilities to be in full force and effect, and a change of control of our business.

Borrowings under the senior credit facilities bear interest at the Company's option of either (i) the Base Rate (as such term is defined in the Amendment) plus the applicable margin of 1.50% to 2.00% or (ii) at a fixed rate for a period of one, two, three or six months equal to the London interbank offered rate, LIBOR, plus the applicable margin of 2.50% to 3.00%. The applicable margins with respect to our revolving credit facility vary from time to time in accordance with agreed upon pricing grids based on our consolidated total leverage ratio. Swing-line loans under our revolving credit facility bear interest only at the Base Rate plus the applicable margin. Interest on loans based upon the Base Rate are payable on the last day of each calendar quarter in which such loan is outstanding. Interest on loans based on LIBOR is payable on the last day of the applicable LIBOR period and, in the case of any LIBOR period greater than three months in duration, interest is payable quarterly. The Amendment requires the Company to make fixed quarterly principal payments of $1.0 million under the senior credit facilities. In addition to making fixed quarterly principal payments under the Company's senior credit facilities, the Company is required to pay an unused facility fee to the lenders equal to 0.30% to 0.50% per annum on the aggregate amount of the unused revolving credit facility, excluding swing-line loans, commencing on October 31, 2016, payable quarterly in arrears. As of June 25, 2017, we had an outstanding principal balance of approximately $32.0 million on our term loan facility and $6.7 million on our revolving credit facility.

On June 2, 2017, the Company received notice from Wells Fargo Bank, as administrative agent under the Amendment, of the occurrence of certain events of default relating to the Company's noncompliance with the maximum lease-adjusted leverage ratio contained in the Amendment. On June 8, 2017, the Company received a waiver of noncompliance with this financial covenant that was effective until July 14, 2017. On July 13, 2017, the Company entered into an amended and restated waiver agreement, which further extended the waiver until August 25, 2017.

On August 1, 2017, the Company entered into the Second Amendment. Among other items, the Second Amendment provides for (a) a permanent waiver of noncompliance related to certain events of default occurring between May 8, 2017 and June 2, 2017; (b) the amendment of the maturity date of the senior credit facilities from November 5, 2019 to December 1, 2018, (c) a reduction of the amount the Company may borrow pursuant to its revolving credit facility from $30.0 million (including a sublimit cap of up to $10.0 million for letters of credit and up to $10.0 million for swing-line loans) to (i) $20.0 million (including a sublimit cap of up to $4.0 million for letters of credit and up to $10.0 million for swing-line loans) on August 1, 2017, (ii) $15.0 million (including a sublimit cap of up to $4.0 million for letters of credit and up to $10.0 million for swing-line loans) on December 31, 2017, (iii) $15.0 million (including a sublimit cap of up to $3.0 million for letters of credit and up to $10.0 million for swing-line loans) on March 31, 2018 and (iv) $10.0 million (including a sublimit cap of up to $3.0 million for letters of credit and up to $10.0 million for swing-line loans) on June 30, 2018; and (d) an increase to the fixed quarterly principal payments from $1.0 million per quarter to $2.5 million per quarter beginning on on March 31, 2018. As a result of this requirement, the Company has classified $7.0 million of its long-term debt as current in its consolidated balance sheets as of June 25, 2017. The Second Amendment also modifies the financial tests that the Company is required to meet by lowering the minimum consolidated fixed charge coverage ratio, raising the maximum consolidated lease-adjusted leverage ratio, and lowering the minimum earnings before interest, taxes, depreciation and amortization (as defined in the Amendment).

We continue to operate in a challenging environment, and our ability to comply with our applicable financial covenants may be affected in the future by economic, industry or business conditions beyond our control. Based on the Company’s forecasts, management believes the Company will be able to maintain compliance with its applicable financial covenants for at least the next twelve months. However, no assurances can be given that we will achieve these forecasts. We base our forecasts on historical experience, industry conditions and various other assumptions related to comparable restaurant sales, average check, guest counts, and cost management that we believe are reasonable. If actual results are below our current forecast by a substantial margin, we may not be able to maintain compliance with our financial covenants. If we are unable to comply with the required covenants and are unable to obtain necessary waivers of non-compliance or additional amendments to the 2014 Credit Agreement, it would have a material adverse effect on our business, financial condition and liquidity.

Management believes expected future cash flow from operations as well as available borrowings under our senior credit facilities will be sufficient to meet liquidity needs for at least the next twelve months; however, no assurances can be given that expected future cash flow levels will be generated and all liquidity needs will be met.

OFF-BALANCE SHEET ARRANGEMENTS

As part of our on-going business, we do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities referred to as structured finance or variable interest entities (“VIEs”), which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As of June 25, 2017, we were not involved in any VIE transactions and did not otherwise have any off-balance sheet arrangements.

CRITICAL ACCOUNTING POLICIES

There have been no material changes to our critical accounting policies from what was previously reported in our 2016 Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We are subject to interest rate risk in connection with our long term debt. Our principal interest rate exposure relates to the loans outstanding under our senior credit facilities, which is payable at variable rates.

At June 25, 2017, we had $38.7 million outstanding under our senior credit facilities. Each one-eighth point change in interest rates on the variable rate portion of debt under our senior credit facilities would result in an approximately $48,000 annual change in our interest expense.

Commodity Price Risk

We are exposed to market price fluctuations in some of our food product prices. Given the historical volatility of our food product prices, these fluctuations can materially impact our food and beverage costs. While we have taken steps to qualify multiple suppliers and enter into agreements for some of the commodities used in our restaurant operations, there can be no assurance that future supplies and costs for such commodities will not fluctuate due to weather and other market conditions outside of our control. We currently do not contract for any of our fresh seafood and we are unable to contract for some of our commodities such as certain produce items for periods longer than one week. Consequently, such commodities can be subject to unforeseen supply and cost fluctuations. Dairy costs can also fluctuate due to government regulation. Because we typically set our menu prices in advance of our food product prices, we cannot immediately take into account changing costs of food items. To the extent that we are unable to pass the increased costs on to our guests through price increases, our results of operations would be adversely affected. We do not use financial instruments to hedge our risk to market price fluctuations related to any of our food product prices at this time.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedure

We carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of the end of the period covered in this report. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures, including the accumulation and communication of disclosure to our principal executive officer and principal financial officer as appropriate to allow timely decisions regarding disclosure, are effective to provide

reasonable assurance that material information required to be included in our periodic SEC reports is recorded, processed, summarized and reported within the time periods specified in the relevant SEC rules and forms.

The design of any system of control is based upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated objectives under all future events, no matter how remote, or that the degree of compliance with the policies or procedures may not deteriorate. Because of its inherent limitations, disclosure controls and procedures may not prevent or detect all misstatements. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company’s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the Company’s most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II – Other Information

Item 1. Legal Proceedings

See Note 6 to our unaudited consolidated financial statements in Part 1, Item 1 of this report.

Item 1A. Risk Factors

There have been no material changes from our risk factors as previously reported in our 2016 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The following exhibits are filed or furnished with this Quarterly Report:

EXHIBIT INDEX

Exhibit Number	Description
10.1*	Waiver and Second Amendment to the Credit Agreement, dated as of August 1, 2017, by and among Bravo Brio Restaurant Group, Inc., as borrower, the domestic subsidiaries of the borrower, as guarantors, the lenders party thereto, Wells Fargo Bank, National Association, as administrative agent, Bank of America, N.A., as syndication agent, KeyBank National Association as documentation agent, and Wells Fargo Securities, LLC, Keybanc Capital Markets, Inc. and Merril Lynch, Pierce, Fenner & Smith, Inc., as co-lead arrangers and joint book managers.
10.2*	Amendment to the Employment Agreement, dated as of August 2, 2017, by and between Bravo Brio Restaurant Group, Inc. and Brian T. O'Malley.
10.3*	Amendment to the Employment Agreement, dated as of August 2, 2017, by and between Bravo Brio Restaurant Group, Inc. and James J. O'Connor.
10.4*	Employment Agreement, dated as of August 3, 2017, by and between Bravo Brio Restaurant Group, Inc. and Khanh P Collins.
11	Computation of Per Share Earnings (included in the Condensed Notes to Unaudited Consolidated Financial Statements contained in this Report).
31(a)*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31(b)*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32(a)*	Certification of Chief Executive Officer and the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 3, 2017

Bravo Brio Restaurant Group, Inc.

By: /s/ Brian T. O'Malley
Brian T. O'Malley
President, Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ James J. O’Connor
James J. O’Connor
Executive Vice President,
Chief Financial Officer, Treasurer and Secretary
(Principal Financial Officer)

Exhibit 10.1

WAIVER AND SECOND AMENDMENT TO CREDIT AGREEMENT

This WAIVER AND SECOND AMENDMENT TO CREDIT AGREEMENT, dated as of August 1, 2017 (this "Agreement"), is by and among BRAVO BRIO RESTAURANT GROUP, INC., an Ohio corporation (the "Borrower"), the Lenders party hereto and WELLS FARGO BANK, NATIONAL ASSOCIATION, as administrative agent to the Lenders (in such capacity, the "Administrative Agent"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement (as defined below).

RECITALS

A. The Lenders have extended credit to the Borrower pursuant to that certain Credit Agreement dated as of November 5, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), entered into by and among the Borrower, the Guarantors, the Lenders and the Administrative Agent.

B. Certain Events of Default have occurred and are continuing under the Credit Agreement as a result of the Credit Parties' failure to comply with Section 4.2(d) of the Credit Agreement in connection with certain requests for, and borrowings of, Swingline Loans made between May 8, 2017 and June 2, 2017, which failure resulted in Events of Default under Section 7.1(b) of the Credit Agreement (collectively, the "Acknowledged Events of Default").

C. The Credit Parties have requested that the Administrative Agent and the Lenders (i) waive the Acknowledged Events of Default and (ii) make certain amendments to the Credit Agreement.

D. The Administrative Agent and the Lenders have agreed to do so, but only pursuant to the terms set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Estoppel, Acknowledgement and Reaffirmation. Each of the Credit Parties hereby acknowledges and agrees that, as of August 1, 2017, (a) the aggregate principal amount of the Revolving Loans under the Credit Agreement was $13,190,834 and (b) the aggregate principal amount of the Term Loan under the Credit Agreement was $32,000,000, each of which amounts constitutes a valid and subsisting obligation of the Borrower to the Lenders that is not subject to any credits, offsets, defenses, claims, counterclaims or adjustments of any kind. Each of the Credit Parties acknowledges its obligations under the Credit Documents, reaffirms that each of the Liens and security interests created and granted in or pursuant to the Security Documents is valid and subsisting and agree that this Agreement shall in no manner impair or otherwise adversely affect such obligations, liens or security interests, except as explicitly set forth herein.

2. Waiver of Acknowledged Events of Default. Subject to the terms and conditions set forth herein, the Administrative Agent and the Lenders hereby waive the Acknowledged Events of Default; provided that the foregoing waiver shall not be deemed to modify or affect the obligations of the Credit Parties to comply with each and every other obligation, covenant, duty or agreement under the Credit Documents and all other instruments, documents and agreements issued, executed or delivered in connection with the Credit Documents. This waiver is a one-time waiver and shall not be construed to be a waiver of, or in any way obligate the Administrative Agent or the Lenders to waive, any other Default or Event of Default under the Credit Agreement or the other Credit Documents that have occurred or that may occur from and after the date hereof.

3. Amendments to Credit Agreement. Effective as of the Effective Date (as defined below), the Credit Agreement shall be amended as follows:

(a) The following definitions are hereby added to Section 1.1 of the Credit Agreement in their appropriate alphabetical order:

"Liquidity" means the sum of (a) all unrestricted cash and Cash Equivalents (on a book balance basis and available for withdrawal as of the close of the applicable Business Day) plus (b) the unused amount of the Revolving Committed Amount.

"Second Amendment Effective Date" means August 1, 2017.

(b) The following definitions found in Section 1.1 of the Credit Agreement are hereby amended and restated in their entirety to read as follows:

"Commitment" shall mean as to any Lender, the obligation of such Lender to make Revolving Loans for the account of the Borrower and participate in Letters of Credit and Swingline Loans in an aggregate principal and/or stated amount at any time outstanding not to exceed the amount set forth under the heading "Commitment" opposite such Lender's name on Schedule 1.1(a) hereto or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be reduced or modified at any time or from time to time pursuant to the terms hereof. The aggregate Commitments of all the Lenders on the Second Amendment Effective Date is $20,000,000; provided, that the aggregate commitments of all Lenders shall be reduced to (a) $15,000,000 effective January 1, 2018 through July 1, 2018 and (b) $10,000,000 effective July 2, 2018 and thereafter.

"Maturity Date" means December 1, 2018.

(c) Section 2.1(a) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

(a) Commitment. During the Commitment Period, subject to the terms and conditions hereof, each Revolving Lender severally agrees to make revolving credit loans in Dollars ("Revolving Loans") to the Borrower from time to time in an aggregate principal amount (i) from the Second Amendment Effective Date through December 31, 2017 of up to **TWENTY MILLION DOLLARS ($20,000,000)**, (ii) from January 1, 2018 through July 1, 2018 of up to **FIFTEEN MILLION DOLLARS ($15,000,000)** and (iii) from July 2, 2018 and thereafter of up to **TEN MILLION DOLLARS ($10,000,000)** (as such amount may be reduced from time to time as provided in Section 2.6, the "Revolving Committed Amount") for the purposes hereinafter set forth (such facility, the "Revolving Facility"); provided, however, that after giving effect to any Revolving Loan (i) with regard to each Revolving Lender individually, such Revolving Lender's Revolving Exposure shall not exceed its Commitment and (ii) with regard to the Revolving Lenders collectively, the Aggregate Revolving Exposure shall not exceed Revolving Committed Amount then in effect. Revolving Loans may consist of Alternate Base Rate Loans or LIBOR Rate Loans, or a combination thereof, as the Borrower may request, and may be repaid and reborrowed in accordance with the provisions hereof; provided, however, that the Revolving Loans made on the Closing Date, or on any of the three (3) Business Days immediately following the Closing Date, may consist only of Alternate Base Rate Loans unless the Borrower executes and delivers a funding indemnity letter, substantially in the form of Exhibit 2.1(a), not fewer than three (3) Business Days prior to the Closing Date. LIBOR Rate Loans shall be made by each Revolving Lender at its LIBOR Lending Office and Alternate Base Rate Loans at its Domestic Lending Office.

(d) Section 2.2(b) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

(b) Repayment of Term Loan. The principal amount of the Term Loan shall be repaid in consecutive quarterly installments in an amount equal to (i) $1,000,000 on the last day of each of the fiscal quarters ending September 24, 2017 and December 31, 2017 and (ii) $2,500,000 on the last day of the fiscal quarter ending April 1, 2018 and of each fiscal quarter thereafter as set forth on Schedule 2.2(b) (provided, however, that if such payment date is not a Business Day, such payment shall be due on the preceding Business Day), unless accelerated sooner pursuant to Section 7.2. Notwithstanding the foregoing, any outstanding amount of the Term Loan shall be fully due and payable on the Maturity Date.

(e) The first proviso in the first paragraph of Section 2.3(a) (Issuance) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

provided, however, that (i) the aggregate amount of LOC Obligations shall not at any time exceed (A) from the Second Amendment Effective Date through March 30, 2018 **FOUR MILLION DOLLARS ($4,000,000)** and (B) from March 31, 2018 and thereafter **THREE MILLION DOLLARS ($3,000,000)** (the "LOC Sublimit"), (ii) with regard to each Revolving Lender individually, such Lender's Revolving Exposure shall not exceed such Lender's Commitment, (iii) with regard to the Revolving Lenders collectively, the Aggregate Revolving Exposure shall not exceed the Revolving Committed Amount then in effect, (iv) all Letters of Credit shall be denominated in Dollars and (v) Letters of Credit shall be issued for any lawful corporate purposes, including in connection with workers' compensation and other insurance programs.

(f) Section 2.7(b)(iii) of the Credit Agreement (Asset Dispositions) is hereby amended by replacing the reference therein to "$1,000,000" with a reference to "$500,000".

(g) Section 4.2(d) of the Credit Agreement (Financial Covenant Compliance) is hereby amended and restated in its entirety to read as follows:

(d) [Reserved].

(h) Section 5.9(a) of the Credit Agreement (Consolidated Lease-Adjusted Leverage Ratio) is hereby amended and restated in its entirety to read as follows:

(a) Consolidated Lease-Adjusted Leverage Ratio. As of the end of each fiscal quarter, the Consolidated Lease-Adjusted Leverage Ratio shall be less than or equal to:

Fiscal Quarter Ending	Maximum Ratio
September 24, 2017	6.00 to 1.00
December 31, 2017	5.75 to 1.00
April 1, 2018 and each fiscal quarter thereafter	5.50 to 1.00

(i) Section 5.9(b) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

(b) Consolidated Fixed Charge Coverage Ratio. As of the end of each fiscal quarter, the Consolidated Fixed Charge Coverage Ratio shall be greater than or equal to 1.15 to 1.00.

(j) Section 5.9(c) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

(c) Minimum Consolidated EBITDA. As of the end of each calendar month ending during the following periods, Consolidated EBITDA on a trailing twelve-month basis shall be not less than:

Period	Minimum Consolidated EBITDA
Second Amendment Effective Date through November 30, 2017	$15,000,000
December 1, 2017 through May 31, 2018	$18,000,000
June 1, 2018 and thereafter	$19,000,000

(k) A new Section 5.9(d) is hereby added to the Credit Agreement to read in its entirety as follows:

(d) Minimum Liquidity. As of the end of each week, Liquidity shall be not less than $2,000,000 based on an average daily balance for the previous seven day period.

4. Amendment Fee. In consideration of the Lenders' agreements set forth herein, the Credit Parties shall pay to the Administrative Agent, for the ratable account of each Lender, an amendment fee in an amount equal to the sum of (a) 0.10% of the Revolving Committed Amount and Term Loan held by such Lender as of the Effective Date (the "Effective Date Installment") and (b) 0.25% of the Revolving Committed Amount and Term Loan held by such Lender as of the Effective Date (the "Conditional Installment"; and together with the Effective Date Installment, collectively, the "Amendment Fee"), which entire Amendment Fee shall be full earned as of the Effective Date. The Effective Date Installment shall be due and payable on the Effective Date as a condition precedent to the effectiveness of this Agreement. The Conditional Installment shall be due and payable upon the earlier of (y) acceleration of the Obligations after the occurrence of an Event of Default or (z) December 31, 2017; provided, that the Conditional Installment shall be waived if, prior to December 31, 2017, and in the absence of any acceleration of the Obligations, all Obligations are repaid in full and all Commitments of the Lenders under the Credit Agreement are terminated.

5. Deposit Account Control Agreements. Notwithstanding anything to the contrary in in the Credit Agreement, each Credit Party shall, as promptly as reasonably possible, and in any event not later than August 14, 2017 (or such later date to which the Administrative Agent may otherwise agree in writing), deliver to the Administrative Agent an executed control agreement with respect to the deposit and securities accounts of such Credit Party for which the Administrative Agent has not received such an agreement.

6. Additional Reporting; Conferences with Lenders. In addition to all financial reports and other information required to be delivered under the Credit Agreement, the Credit Parties shall:

(a) (i) as a condition precedent to the effectiveness of this Agreement prepare, in good faith based upon assumptions believed by the Credit Parties to be reasonable under the circumstances, and deliver to the Administrative Agent and the Lenders a cash flow forecast for the following 13-week period in form reasonably acceptable to the Administrative Agent (the "Initial Cash Flow Forecast") and (ii) no later than the last Business Day of each week following the Effective Date, the Credit Parties shall provide to the Administrative Agent and the Lenders an updated cash flow forecast for the then-following 13-week period (each, including the Initial Cash Flow Forecast, a "Cash Flow Forecast") in similar form as the Initial Cash Flow Forecast, prepared in good faith by the Credit Parties upon assumptions believed by the Credit Parties to be reasonable under the circumstances, together with a reconciliation of actual cash flow of the Credit Parties against the immediately preceding Cash Flow Forecast and showing any deviations on a cumulative basis and providing a written explanation of the variances, prepared by the Credit Parties and in form, and with such detail (including any material assumptions), as reasonably acceptable to the Administrative Agent and the Lenders;

(b) prepare, in good faith based upon assumptions believed by the Credit Parties to be reasonable under the circumstances, and deliver to the Administrative Agent and the Lenders monthly reports providing analysis of the Credit Parties' financial performance compared against the projections of the Credit Parties; and

(c) make themselves available to the Administrative Agent and Lenders for monthly telephone conferences to provide updates on the Credit Parties' financial performance and such other matters as the Administrative Agent and Lenders may reasonably request.

7. Agent Financial Advisor. The Administrative Agent has engaged Focus Management Group USA, Inc. as its financial advisor (including any successor financial advisor the "Agent Financial Advisor") to, among other things, perform a review of the Credit Parties' financial performance, financial reporting, financial forecasts and short term liquidity. The Credit Parties shall (a) provide the Agent Financial Advisor with reasonable access to the Credit Parties' facilities, members of management and financial information as is necessary to perform the services within the scope of the engagement and (b) reimburse the Administrative Agent upon demand for the reasonable fees and expenses incurred by the Administrative Agent in connection with the engagement of the Agent Financial Advisor.

8. Payment of Fees and Expenses. The Credit Parties shall reimburse the Administrative Agent and the Lenders for all fees and expenses of the Administrative Agent and the Lenders (including without limitation, all fees and expenses of counsel to the Administrative Agent and the Agent Financial Advisor) incurred in connection with the Credit Documents, including without limitation this Agreement.

9. Effectiveness; Conditions Precedent. This Agreement shall become effective as of the date hereof (the "Effective Date") when, and only when, each of the following conditions shall have been satisfied or waived, in the sole discretion of the Administrative Agent:

(a) The Administrative Agent shall have received counterparts of this Agreement duly executed by each of the Credit Parties, the Lenders and the Administrative Agent.

(b) The Administrative Agent shall have received the Effective Date Installment.

(c) The Administrative Agent and the Lenders shall have received the Initial Cash Flow Forecast.

(d) The Administrative Agent shall have received such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Credit Party as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Credit Documents to which such Credit Party is a party.

(e) The Administrative Agent shall have received reimbursement from the Credit Parties for all reasonable and documented fees and costs (including without limitation reasonable fees and costs of counsel to the Administrative Agent and the Agent Financial Advisor) incurred in connection with the Credit Documents and this Agreement through the Effective Date.

10. Incorporation of Agreement. Except as specifically modified herein, the terms of the Credit Documents shall remain in full force and effect. The execution, delivery and effectiveness of this Agreement shall not operate as a waiver of any right, power or remedy of the Administrative Agent under the Credit Documents, or constitute a waiver or amendment of any provision of the Credit Documents, except as expressly set forth herein. The breach in any material respect of any provision or representation under this Agreement shall constitute an immediate Event of Default under the Credit Agreement, and this Agreement shall constitute a Credit Document.

11. Representations and Warranties. Each of the Credit Parties represent and warrant to the Administrative Agent and the Lenders as follows:

(a) No Default or Event of Default exists under the Credit Documents on and as of the Effective Date other than the Acknowledged Events of Default.

(b) After giving effect to this Agreement, the representations and warranties of the Credit Parties contained in the Credit Documents are true, accurate and complete on and as of the Effective Date to the same extent as though made on and as of such date except to the extent such representations and warranties specifically relate to an earlier date.

(c) Each of the Credit Parties has the full power and authority to enter into, execute and deliver this Agreement and perform its obligations hereunder, under the Credit Agreement, and under each of the Credit Documents. The execution, delivery and performance by each of the Credit Parties of this Agreement, and the performance by each of the Credit Parties of the Credit Agreement and each other Credit Document to which it is a party, in each case, are within such Person's powers and have been authorized by all necessary corporate, limited liability or partnership action of such Person.

(d) This Agreement has been duly executed and delivered by such Person and constitutes such Person's legal, valid and binding obligations, enforceable in accordance with its terms, except as such enforceability may be subject to (i) bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(e) No consent, approval, authorization or order of, or filing, registration or qualification with, any court or governmental authority or third party is required in connection with the execution, delivery or performance by such Person of this Agreement.

(f) The execution and delivery of this Agreement does not (i) violate, contravene or conflict with any provision of its organization documents or (ii) materially violate, contravene or conflict with any laws applicable to it or any of its Subsidiaries.

(g) The Obligations are not reduced or modified by this Agreement and are not subject to any offsets, defenses or counterclaims.

12. Release. In consideration of the Administrative Agent's and the Lenders' willingness to enter into this Agreement, each of the Credit Parties hereby releases and forever discharges the Administrative Agent, the Lenders and each of their respective predecessors, successors, assigns, officers, managers, directors, employees, agents, attorneys, representatives and affiliates (hereinafter, all of the above collectively referred to as the "Lender Group") from any and all claims, counterclaims, demands, damages, debts, suits, liabilities, actions and causes of action of any nature whatsoever, whether arising at law or in equity, whether known or unknown, whether liability be direct or indirect, liquidated or unliquidated, whether absolute or contingent, foreseen or unforeseen, and whether or not heretofore asserted, which any of the Credit Parties may have or claim to have against any member of the Lender Group.

13. No Third Party Beneficiaries. This Agreement and the rights and benefits hereof shall inure to the benefit of each of the parties hereto and their respective successors and assigns. No other Person shall have or be entitled to assert rights or benefits under this Agreement.

14. Entirety. This Agreement and the other Credit Documents embody the entire agreement among the parties hereto and supersede all prior agreements and understandings, oral or written, if any, relating to the subject matter hereof. This Agreement and the other Credit Documents represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties.

15. Counterparts; Electronic Delivery. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. Delivery of an executed counterpart of this Agreement by facsimile or other electronic means shall be effective as an original.

16. No Actions, Claims, Etc. As of the date hereof, each of the Credit Parties hereby acknowledges and confirms that it has no knowledge of any actions, causes of action, claims, demands, damages and liabilities of whatever kind or nature, in law or in equity, against the Administrative Agent, the Lenders, or the Administrative Agent's or the Lenders' respective officers, employees, representatives, agents, counsel or directors arising from any action by such Persons, or failure of such Persons to act under this Agreement on or prior to the date hereof.

17. Governing Law. This Agreement and the rights and obligations of the parties hereunder shall be governed by and interpreted in accordance with the laws of the State of New York (including Section 5-1401 and Section 5-1402 of the General Obligations law of the State of New York), without regard to conflicts or choice of law principles that would require application of the laws of another jurisdiction, and applicable United States federal law.

18. Consent to Jurisdiction; Service of Process; Waiver of Jury Trial. The jurisdiction, services of process and waiver of jury trial provisions set forth in the Credit Agreement are hereby incorporated by reference, *mutatis mutandis*.

19. Further Assurances. Each of the parties hereto agrees to execute and deliver, or to cause to be executed and delivered, all such instruments as may reasonably be requested to effectuate the intent and purposes, and to carry out the terms, of this Agreement.

20. Miscellaneous.

(a) Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

(b) Wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

(c) Except as otherwise provided in this Agreement, if any provision contained in this Agreement is in conflict with, or inconsistent with, any provision in the Credit Documents, the provision contained in this Agreement shall govern and control.

[Signature Pages Follow]

Each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

BORROWER: BRAVO BRIO RESTAURANT GROUP, INC.

By: /s/ James J. O’Connor
Name: James J. O’Connor
Title: Chief Financial Officer

ADMINISTRATIVE
AGENT AND LENDERS: WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent and Lender

By: /s/ Reginald T. Dawson
Name: Reginald T. Dawson
Title: Senior Vice President

BANK OF AMERICA, N.A.

By: /s/ Kelly Werbecki
Name: Kelly Werbecki
Title: Vice President

THE HUNTINGTON NATIONAL BANK

By: /s/ Bruce G. Shearer
Name: Bruce G. Shearer
Title: Senior Vice President

KEYBANK NATIONAL ASSOCIATION

By: /s/ Stephen J. Jones
Name: Stephen J. Jones
Title: Senior Vice President

Exhibit 10.2

[COMPANY LETTERHEAD]

August 2, 2017

Brian T. O'Malley
7667 Red Emerald Way
Delaware, Ohio 43015

Dear Brian,

As you know, you and Bravo Brio Restaurant Group, Inc., an Ohio corporation (the "Company") are parties to an employment agreement, dated August 1, 2013 (the "Employment Agreement"). The Company would like to amend the Employment Agreement as follows:

Section 1(d)(i)(1) is hereby amended and restated in its entirety to read as follows:

> "contingent upon the effectiveness of a general release of claims in form and substance satisfactory to the Employer which is executed within forty-five (45) days of the date of such Separation, (A) Base Salary continuation during the period commencing on the sixtieth (60th) date following such Separation and ending on the date that is two (2) years thereafter (with the first payment to include a catch-up for any payroll dates between the date of such Separation and the date of such first payment) and (B) solely if such Separation occurs within twenty-four (24) months following a Change in Control (as defined in the Bravo Brio Group, Inc. Stock Incentive Plan (as in effect on the date hereof)), twenty-four (24) monthly payments equal to the amount it would cost Executive for the monthly COBRA premiums for Executive and his eligible dependents based on his coverage under the Company's applicable plans as of the termination date, with each monthly payment to be reduced by the amount that an active employee would be required to pay for such coverage under the applicable Company plans for such month, with such payments to commence on the sixtieth (60th) date following such Separation and to end on the date that is twenty-four (24) months after such Separation (and with the first payment to include the first two monthly installments); provided, however, that the amounts payable under this clause (B) shall cease earlier if and when Executive becomes eligible to participate in the health plan of a subsequent employer;"

The second to last sentence of Section 1(d)(i) of the Employment Agreement is hereby amended and restated in its entirety to read as follows:

> "Notwithstanding the foregoing, if Executive breaches any of the provisions of Section 2, Section 3 or Section 4 hereof, any and all remaining payments payable pursuant to Section 1(d)(i)(1) shall be immediately forfeited."

Except as otherwise amended hereby, the terms of the Employment Agreement shall remain in full force and effect. The provisions of Sections 7(b), (c), (d), (f), (g) and (j) of the Employment Agreement are incorporated herein by references and shall apply as if included herein, provided that solely for the purposes of this letter, reach reference in any such section to "this Agreement" shall be deemed to refer to this letter.

If you agree to the amendments to the Employment Agreement set forth herein, please sign below and return your signed copy of this letter to me.

Sincerely,	Acknowledged and Agreed
/s/ James J. O'Connor	/s/ Brian T. O'Malley
By: James J. O'Connor	Brian T. O'Malley
Title: Chief Financial Officer	

Exhibit 10.3

[COMPANY LETTERHEAD]

August 2, 2017

James J. O'Connor
171 Innisfree Lane
Dublin, Ohio 43017

Dear Jim,

As you know, you and Bravo Brio Restaurant Group, Inc., an Ohio corporation (the "Company") are parties to an employment agreement, dated October 26, 2010 (the "Employment Agreement"). The Company would like to amend the Employment Agreement as follows:

Section 1(d)(i)(1) is hereby amended and restated in its entirety to read as follows:

> "contingent upon the effectiveness of a general release of claims in form and substance satisfactory to the Employer which is executed within forty-five (45) days of the date of such Separation, (A) Base Salary continuation during the period commencing on the sixtieth (60th) date following such Separation and ending on the date that is two (2) years thereafter (with the first payment to include a catch-up for any payroll dates between the date of such Separation and the date of such first payment) and (B) solely if such Separation occurs within twenty-four (24) months following a Change in Control (as defined in the Bravo Brio Group, Inc. Stock Incentive Plan (as in effect on the date hereof)), twenty-four (24) monthly payments equal to the amount it would cost Executive for the monthly COBRA premiums for Executive and his eligible dependents based on his coverage under the Company's applicable plans as of the termination date, with each monthly payment to be reduced by the amount that an active employee would be required to pay for such coverage under the applicable Company plans for such month, with such payments to commence on the sixtieth (60th) date following such Separation and to end on the date that is twenty-four (24) months after such Separation (and with the first payment to include the first two monthly installments); provided, however, that the amounts payable under this clause (B) shall cease earlier if and when Executive becomes eligible to participate in the health plan of a subsequent employer;"

The second to last sentence of Section 1(d)(i) of the Employment Agreement is hereby amended and restated in its entirety to read as follows:

> "Notwithstanding the foregoing, if Executive breaches any of the provisions of Section 2, Section 3 or Section 4 hereof, any and all remaining payments payable pursuant to Section 1(d)(i)(1) shall be immediately forfeited."

Except as otherwise amended hereby, the terms of the Employment Agreement shall remain in full force and effect. The provisions of Sections 7(b), (c), (d), (f), (g) and (j) of the Employment Agreement are incorporated herein by references and shall apply as if included herein, provided that solely for the purposes of this letter, reach reference in any such section to "this Agreement" shall be deemed to refer to this letter.

If you agree to the amendments to the Employment Agreement set forth herein, please sign below and return your signed copy of this letter to me.

Sincerely, Acknowledged and Agreed

/s/ Brian T. O'Malley	/s/ James J. O'Connor
By: Brian T. O'Malley	James J. O'Connor
Title: President & Chief Executive Officer	

Exhibit 10.4

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement"), dated as of August 3, 2017 (the "Effective Date"), is made by and between Bravo Brio Restaurant Group, Inc., an Ohio corporation (the "Employer") and Khanh P. Collins ("Executive").

RECITALS

WHEREAS, Executive is currently employed by the Employer as its Chief Operating Officer and desires to continue such employment on the terms and conditions set forth in this Agreement; and

WHEREAS, the Employer desires to continue Executive's employment with the Employer as its Chief Operating Officer on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement, intending to be legally bound, hereby agree as follows.

AGREEMENTS

1. Employment. Executive's employment hereunder shall commence on the Effective Date and shall continue until terminated in accordance with Section 1(c) hereof (the "Employment Period").

(a) Position and Duties.

(i) During the Employment Period, Executive shall serve as the Chief Operating Officer of the Employer and shall have the normal duties, responsibilities and authority implied by such position and such other duties and responsibilities as are assigned by the Chief Executive Officer and/or his or her designee.

(ii) During the Employment Period, Executive shall report to the Chief Executive Officer and/or his or her designee, and Executive shall devote Executive's best efforts and Executive's full business time and attention to the business and affairs of the Employer and its Affiliates. Executive shall not engage, directly or indirectly, in any other business, investment or activity that (a) interferes with the performance of Executive's duties under this Agreement (which shall include the preceding sentence), (b) is contrary to the interests of the Employer or any of its Affiliates or (c) requires any portion of Executive's business time; provided, however, that, to the extent that the following does not impair Executive's ability to perform Executive's duties pursuant to this Agreement (which shall include the preceding sentence), Executive, with the Board's prior written approval (which approval may be withheld in the sole discretion of the Board), may serve on the board or committee of any charitable, religious, or educational institution.

(b) Salary, Bonus, Benefits and Expenses.

(i) Salary. During the Employment Period, the Employer will pay Executive a base salary of $200,000 per annum (the "Base Salary"). The Board may review the Base Salary of Executive and may adjust the Base Salary by such amount as the Board, in its sole discretion, shall deem appropriate. The term "Base Salary" as used in this Agreement shall refer to the Base Salary as it may be so adjusted.

(ii) Annual Bonus. During the Employment Period, Executive shall be eligible to earn an annual bonus (the "Annual Bonus") based upon the achievement of corporate and/or individual performance goals established by the Board in its sole and absolute discretion. Any Annual Bonus earned by Executive shall be paid to Executive no later than March 15th of the year following the year to which such Annual Bonus relates; provided, that no Annual Bonus will be paid to Executive unless Executive has been continuously employed by the Employer through the end of the fiscal year for which the Annual Bonus was earned.

(iii) Benefits. During the Employment Period, Executive shall be eligible to participate in and be covered on the same basis as other senior management of the Employer under all employee benefit plans and programs of the Employer (subject to the terms and conditions of the applicable plan or program) and be entitled to receive four (4) weeks of paid vacation per calendar year (pro-rated for any partial calendar year worked).

(iv) Expenses. Employer shall pay or reimburse Executive for reasonable and necessary expenses directly incurred by Executive in the course of Executive's employment by Employer in accordance with Employer's standard policies and practices as in effect from time to time. All reimbursements under this Section 1(b)(iv) shall be made as soon as practicable following submission of a reimbursement request, but no later than the end of the year following the year during which the underlying expense was incurred.

(c) Separation. The Employment Period will terminate immediately upon Executive's death. In addition, the Employer may, at any time, terminate the Employment Period with or without Cause, or due to Executive's Disability, in each case, upon written notice to Executive of such termination, and Executive may terminate the Employment Period without Good Reason upon thirty (30) days advance written notice to the Employer. Executive may terminate the Employment Period for Good Reason; provided, that, Good Reason shall not be deemed to exist unless Executive notifies the Employer within fifteen (15) days after the occurrence of the event which Executive believes constitutes the basis for Good Reason, specifying the particular act or failure to act which Executive believes constitutes the basis for Good Reason, the Employer does not cure such act or failure to act within thirty (30) days after receipt of such notice, and Executive actually has a Separation within thirty (30) days after the expiration of the Employer's thirty (30) day cure period. Effective immediately upon any Separation, Executive shall resign, and shall be deemed to have resigned, from all other officer, employee and director positions held by Executive with the Employer or any of its Affiliates.

(d) Severance.

(i) Termination Without Cause or For Good Reason. If Executive's employment with the Employer and its Affiliates is terminated during the Employment Period by the Employer without Cause or by Executive for Good Reason, the Employer shall provide Executive with the following payments and benefits:

(1) contingent upon the effectiveness of a general release of claims in form and substance satisfactory to the Employer which is executed within forty-five (45) days of the date of such Separation, (A) Base Salary continuation during the period commencing on the sixtieth (60th) date following such Separation and ending on the date that is two (2) years thereafter (with the

first payment to include a catch-up for any payroll dates between the date of such Separation and the date of such first payment) and (B) solely if such Separation occurs within twenty-four (24) months following a Change in Control (as defined in the Bravo Brio Group, Inc. Stock Incentive Plan (as in effect on the date hereof)), twenty-four (24) monthly payments equal to the amount it would cost Executive for the monthly COBRA premiums for Executive and Executive's eligible dependents based on Executive's coverage under the Company's applicable plans as of the termination date, with each monthly payment to be reduced by the amount that an active employee would be required to pay for such coverage under the applicable Company plans for such month, with such payments to commence on the sixtieth (60th) date following such Separation and to end on the date that is twenty-four (24) months after such Separation (and with the first payment to include the first two monthly installments); provided, however, that the amounts payable under this clause (B) shall cease earlier if and when Executive becomes eligible to participate in the health plan of a subsequent employer;

(2) any accrued but unpaid Base Salary; and

(3) any accrued and vested benefits under any employee benefit plan of the Employer or its Affiliates in which Executive was participating immediately prior to such Separation, such benefits to be provided in accordance with the terms of the applicable employee benefit plan; provided that in no event shall Executive be entitled to receive any payment for accrued but unused vacation time.

Notwithstanding the foregoing, if Executive breaches any of the provisions of Section 2, Section 3 or Section 4 hereof, any and all remaining payments payable pursuant to Section 1(d)(i)(1) shall be immediately forfeited.

Notwithstanding anything herein to the contrary, if Executive is a "specified employee" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations issued thereunder, and a payment or benefit provided for in this Section 1(d) would be subject to additional tax under Code Section 409A if the payment or benefit is paid within six months of Executive's Separation, then such payment or benefit required under this Agreement shall not be paid (or commence) until the first day which is six (6) months after Executive's Separation. In such case, any payments that would otherwise have been made during such period shall be made to Executive in a lump sum (without interest) as soon as administratively feasible subsequent to the date that is six (6) months after Executive's Separation.

(ii) Other Terminations. If Executive's employment with the Employer and its Affiliates is terminated during the Employment Period due to Executive's death or Disability, by the Employer for Cause or by Executive without Good Reason, the sole obligation of the Employer and its Affiliates to Executive shall be to pay to Executive (or Executive's estate or beneficiaries, as the case may be) (x) any accrued but unpaid Base Salary and (y) any accrued and vested benefits under any employee benefit plan of the Employer or its Affiliates in which Executive was participating immediately prior to Separation, such benefits to be provided in accordance with the terms of the applicable employee benefit plan.

2. Confidential Information.

(a) Obligation to Maintain Confidentiality. Executive shall not, during or after the Employment Period, without the prior express written consent of the Board, directly or indirectly use or divulge, disclose or make available or accessible any Confidential Information to any Person (other than when required to do so in good faith to perform Executive's duties and responsibilities under this Agreement or when required to do so by a lawful order of a court of competent jurisdiction, any governmental authority or agency, or any recognized subpoena power). In the event that Executive becomes legally compelled (by oral questions, interrogatories, request for information or documents, subpoena, criminal or civil investigative demand or similar process) to disclose any of the Confidential Information, then prior to such disclosure, Executive will provide the Board with prompt written notice so that the Board may seek (with Executive's cooperation) a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. In the event that such protective order or other remedy is not obtained, then Executive will furnish only that portion of the Confidential Information which Executive is advised by counsel is legally required, and will cooperate with the Board in the Board's efforts to obtain reliable assurance that confidential treatment will be accorded to the Confidential Information. Executive shall also proffer to the Employer, no later than the date of Separation for any reason, and without retaining any copies, notes or excerpts thereof, all memoranda, computer disks or other media, computer programs, diaries, notes, records, data, customer or client lists, marketing plans and strategies, and any other documents consisting of or containing Confidential Information that are in Executive's actual or constructive possession or which are subject to Executive's control at such time.

(b) Ownership of Property. Executive acknowledges that all discoveries, concepts, ideas, inventions, innovations, improvements, developments, methods, processes, programs, designs, analyses, drawings, recipes, reports, patent applications, copyrightable work and mask work (whether or not including any Confidential Information) and all registrations or applications related thereto, all other proprietary information and all similar or related information (whether or not patentable) that relate to the Employer's or any Affiliate of the Employer's actual or anticipated business, research and development, or existing or future products or services and that are conceived, developed, contributed to, made, or reduced to practice by Executive (either solely or jointly with others) while employed by the Employer (including any of the foregoing that constitutes any proprietary information or records) ("Work Product") belong to the Employer or any Affiliate of the Employer designated by the Employer, and Executive hereby assigns, and agrees to assign, all of the above Work Product to the Employer or such Affiliate of the Employer. Any copyrightable work prepared in whole or in part by Executive in the course of Executive's work for any of the foregoing entities shall be deemed a "work made for hire" under the copyright laws, and the Employer or such Affiliate of the Employer shall own all rights therein. To the extent that any such copyrightable work is not a "work made for hire," Executive hereby assigns and agrees to assign to the Employer or such Affiliate of the Employer all right, title, and interest, including without limitation, copyright in and to such copyrightable work. Executive shall promptly disclose such Work Product and copyrightable work to the Board and perform all actions reasonably requested by the Board (whether during or after the Employment Period) to establish and confirm the ownership of the Employer or such Affiliate of the Employer (including, without limitation, assignments, consents, powers of attorney and other instruments).

(c) Third Party Information. Executive understands that the Employer and its Affiliates will receive from third parties confidential or proprietary information ("Third Party Information") subject to a duty on the Employer's and its Affiliates' part to maintain the confidentiality of such information and to use it only for certain limited purposes. During the Employment Period and thereafter, and without in any way limiting the provisions of Section 2(a) above, Executive will hold Third Party Information in the strictest confidence and will not disclose to anyone (other than personnel and consultants of the Employer or its Affiliates who need to know such information in connection with their work for the Employer or any of its Affiliates) or use, except in connection with Executive's work for the Employer or any of its Affiliates, Third Party Information unless expressly authorized by the Board in writing.

3. Non-Disparagement. Except as required by applicable law, rule or regulation or any recognized subpoena power, Executive agrees that, during and after the Employment Period, Executive shall not at any time make any statement or representation, written or oral, which Executive knows or should know will, or which Executive knows or should know is reasonably likely to, impair or adversely affect in any way the reputation, goodwill, business, customer or supplier relationships, or public relations of the Employer and/or any of its Affiliates, and/or any of their respective partners, directors, employees or officers. In the event that Executive becomes legally compelled (by oral questions, interrogatories, request for information or documents, subpoena, criminal or civil investigative demand or similar process) to make any such statements or representations, then prior thereto, Executive will provide the Board with prompt written notice so that the Board may seek (with Executive's cooperation) a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. In the event that such protective order or other remedy is not obtained, then Executive will only make such statements or representations which Executive is advised by counsel are legally required, and will cooperate with the Board in the Board's efforts to obtain reliable assurance that confidential treatment will be accorded to any such statements or representations.

4. Non-Competition and Non-Solicitation. Executive acknowledges that in the course of Executive's employment with the Employer, Executive has or will become familiar with the Employer's and its Affiliates' trade secrets and with other Confidential Information concerning the Employer and/or its Affiliates and that Executive's services have been and will be of special, unique and extraordinary value to the Employer and its Affiliates. In consideration of the foregoing and for other good and valuable consideration and as a material inducement to the Employer to enter into this Agreement, Executive agrees that:

(a) Non-Competition. Executive shall not, while Executive is employed by the Employer and for two (2) years after the date of any Separation (the "Restricted Period"), directly or indirectly, engage, without the prior express written consent of the Board, in any business or activity, whether as an employee, consultant, partner, principal, agent, representative, director, stockholder or in any other individual, corporate or representative capacity, or render any services or provide any advice to any business, activity, service or Person, if such business, activity, service or Person competes with the Business or could reasonably be assumed to subsequently provide products or services which would compete with the Business. In addition, Executive shall not, during the Restricted Period, assist, help or otherwise support, without the prior express written consent of the Employer, any Person, business or other activity, whether as an employee, consultant, partner, principal, agent, representative, director, stockholder or in any other individual, corporate or representative capacity, to create, commence or otherwise initiate, or to develop, enhance or otherwise further, any business or activity if such business or activity competes (or is reasonably likely to compete (as determined by the Board in its sole discretion)) with the Business. Notwithstanding the foregoing, Executive shall not be prohibited during the Restricted Period from being a passive investor where Executive owns not more than five percent (5%) of the outstanding capital stock of any publicly-held company.

(b) Non-Solicitation. Executive shall not during the Restricted Period, (a) take any action to solicit or divert any business or clients or customers away from the Employer or any of its Affiliates, (b) induce customers, clients, business partners, suppliers, agents, lessors, licensors, licensees, or other Persons under contract or otherwise associated or doing business with the Employer or any of its Affiliates to terminate, reduce or alter any such association or business with or from the Employer or such Affiliate or (c) contact, solicit, approach or hire any person employed by the Employer or any of its Affiliates or who was an employee of the Employer or any of its Affiliates during the one (1) year period prior to such contact, solicitation, approach or hiring.

(c) Injunctive Relief. The provisions of Section 2, Section 3 and Section 4 hereof are material inducements to the Employer entering into and performing this Agreement. Executive acknowledges and agrees that the Employer will have no adequate remedy at law, and would be irreparably harmed, if Executive breaches or threatens to breach any of the provisions of Section 2, Section 3 or Section 4 of this Agreement. Executive agrees that the Employer shall be entitled to equitable and/or injunctive relief to prevent any breach or threatened breach of Section 2, Section 3 and/or Section 4 of this Agreement, and to specific performance of each of the terms of such Sections in addition to any other legal or equitable remedies that the Employer may have. Executive further agrees that Executive shall not, in any equity proceeding relating to the enforcement of the terms of Section 2, Section 3 and/or Section 4 of this Agreement, raise the defense that the Employer has an adequate remedy at law.

(d) Special Severability. The terms and provisions of Section 2, Section 3 and Section 4 of this Agreement are intended to be separate and divisible provisions and if, for any reason, any one or more of them is held to be invalid or unenforceable, neither the validity nor the enforceability of any other provision of this Agreement shall thereby be affected. It is the intention of the parties to this Agreement that the potential restrictions on Executive’s future employment imposed by such Sections be reasonable in both duration and geographic scope and in all other respects. If for any reason any court of competent jurisdiction shall find any provisions of Section 2, Section 3 and/or Section 4 of this Agreement unreasonable in duration or geographic scope or otherwise, Executive and the Employer agree that the restrictions and prohibitions contained herein shall be effective to the fullest extent allowed under applicable law in such jurisdiction.

(e) Extension of Restricted Period. If Executive breaches any of the covenants contained in Section 4(a) or Section 4(b), then the Restricted Period shall be extended for a period of time equal to the period of time during which Executive is in breach of such restrictive covenant.

(f) Additional Acknowledgments. Executive acknowledges that the provisions of this Section 4 are in consideration of employment with the Employer and additional good and valuable consideration. In addition, Executive agrees and acknowledges that the restrictions contained in Section 2, Section 3 and Section 4 hereof do not preclude Executive from earning a living, nor do they unreasonably impose limitations on Executive’s ability to earn a living.

5. Definitions.

“Affiliate” means, with respect to any Person, any Person that controls, is controlled by or is under common control with such Person or an Affiliate of such Person.

“Board” means the Employer’s board of directors.

“Business” means operating casual and fast casual Italian restaurants within North America.

“Cause” means (i) Executive’s fraud or material dishonesty in connection with the performance of Executive’s duties for the Employer, (ii) the failure by Executive (other than by reason of Disability) to substantially perform the duties of Executive’s position as directed by the Chief Executive Officer and/or his or her designee, which failure is not cured, if reasonably susceptible of cure, within 10 business days after delivery of written notice thereof to Executive, (iii) Executive's conviction of a felony, or plea of guilty or *nolo contendere* to, a charge of commission of a felony, or (iv) Executive's commission of any act, or violation of any law, that in the good faith judgment of the Board could reasonably be expected to bring material disrepute to the Employer or adversely affect Executive's ability to perform Executive's duties for the Employer.

"Confidential Information" means all information respecting the business and activities of the Employer or any Affiliate of the Employer, including, without limitation, the clients, customers, suppliers, employees, consultants, computer or other files, projects, products, computer disks or other media, computer hardware or computer software programs, marketing plans, financial information, methodologies, know-how, processes, practices, approaches, projections, forecasts, formats, systems, trade secrets, data gathering methods and/or strategies of the Employer or any Affiliate of the Employer. Notwithstanding the immediately preceding sentence, Confidential Information shall not include any information that is, or becomes, generally available to the public (unless such availability occurs as a result of Executive's breach of any portion of this Agreement).

"Disability" means the disability of Executive caused by any physical or mental injury, illness or incapacity as a result of which Executive is unable to effectively perform the essential functions of Executive's duties, with or without reasonable accommodation, for a period of 180 consecutive calendar days, as determined by the Board in good faith.

"Good Reason" means, without the consent of Executive, (i) a material diminution in Executive's Base Salary, (ii) a material diminution in Executive's authority, duties, or responsibilities, (iii) any change of Executive's principal office location to a location more than 100 miles from Columbus, Ohio, or (iv) any other action or inaction that constitutes a material breach by the Employer of this Agreement.

"Person" means an individual, a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, an investment fund, any other business entity and a governmental entity or any department, agency or political subdivision thereof.

"Separation" means the cessation of employment of Executive with the Employer or any successor thereto for any reason.

6. Notices. Any notice provided for in this Agreement must be in writing and must be either personally delivered, mailed by first class mail (postage prepaid and return receipt requested) or sent by reputable overnight courier service (charges prepaid) to the recipient at the address below indicated and shall be effective upon receipt:

To the Employer: Bravo Brio Restaurant Group, Inc.
777 Goodale Boulevard, Suite 100
Columbus, OH 43212
Attention: Chief Executive Officer

With a copy to Employer's
counsel at: Carmen J. Romano, Esq. Dechert LLP
Cira Center
2929 Arch Street
Philadelphia, PA 19104

To Executive: at the address listed in the Employer's personnel records

7. General Provisions.

(a) Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will (except as otherwise expressly provided herein) be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

(b) Entire Agreement. This Agreement contains the entire agreement between the parties concerning the subject matter hereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between the parties with respect thereto, including without limitation any term sheets addressing potential provisions of this Agreement.

(c) No Strict Construction; Headings. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party. The headings of the sections contained in this Agreement are for convenience only and shall not be deemed to control or affect the meaning or construction of any provision of this Agreement.

(d) Counterparts. This Agreement may be executed and delivered in separate counterparts (including by means of facsimile), each of which is deemed to be an original and all of which taken together constitute one and the same agreement. This Agreement shall become effective only when counterparts have been executed and delivered by all parties whose names are set forth on the signature page(s) hereof.

(e) Successors and Assigns. This Agreement may be assigned by the Employer to one of its Affiliates or to any successor to the Employer, but shall not be assignable by Executive. Except as otherwise provided herein, this Agreement shall bind and inure to the benefit of and be enforceable by Executive, the Employer and their respective successors and assigns.

(f) Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the state of New York, applied without reference to principles of conflict of laws.

(g) Dispute Resolution. Any dispute, controversy or claim arising out of or relating to this Agreement, the breach, termination, enforcement, interpretation, or validity thereof (including the determination of the scope or applicability of this Section 8(g)), or its subject matter shall be settled by binding arbitration before a single arbitrator in Columbus, OH, pursuant to the Employment Dispute Resolution Rules of the American Arbitration Association. The decision of the arbitrator shall be final and unappealable, and judgment on the arbitration award may be entered in any court having jurisdiction thereof. Except as may otherwise be determined by the arbitrator or required by law, all costs of arbitration shall be equally split by the parties (except that the parties will share equally in any filing fees associated with the arbitration). Notwithstanding anything to the contrary, the Employer may at any time seek injunctions or other forms of equitable relief from any court of competent jurisdiction.

(h) Cooperation. During the Employment Period and thereafter, Executive shall cooperate with the Employer and its Affiliates in any disputes with third parties, internal investigations or administrative, regulatory or judicial proceedings as reasonably requested by the Employer (including, without limitation, Executive being available to the Employer upon reasonable notice and at a reasonable location for interviews and factual investigations, appearing at the Employer's request to give testimony without requiring service of a subpoena or other legal process, volunteering to the Employer all pertinent information and turning over to the Employer all relevant documents which are or may come into Executive's possession, all at times and on schedules that are reasonably consistent with Executive's other permitted activities and commitments). In the event the Employer requires Executive's cooperation in accordance with this Section after Executive's Separation, the Employer shall reimburse Executive for reasonable travel expenses (including lodging and meals, upon submission of receipts).

(i) Representations. Executive represents and warrants to the Employer that (i) Executive's execution of this Agreement and the performance of Executive's obligations hereunder will not breach or be in conflict with any other agreement to which Executive is a party or by which Executive is otherwise bound, and (ii) Executive is not currently subject to any covenants against competition or similar covenants or any court order that could preclude or otherwise affect the performance of Executive's duties and obligations hereunder.

(j) Amendment and Waiver. The provisions of this Agreement may be amended and waived only with the prior written consent of the Employer and Executive.

(k) Withholding. All payments and benefits due to Executive under this Agreement or otherwise shall be subject to withholding on account of federal, state and local taxes, as determined by the Employer. Executive will be solely responsible for such federal, state and local taxes resulting from any taxable income paid to Executive hereunder or otherwise by the Employer and/or any Affiliate, including without limitation any taxes imposed under Section 409A of the Code or Section 4999 of the Code.

(l) Survival. This Agreement (except for the provisions of Sections 1(a) and (b)) shall survive a Separation and shall remain in full force and effect after such Separation

(m) 409A Compliance. This Agreement is intended to comply with Code Section 409A and the parties hereto agree to interpret, apply and administer this Agreement in the least restrictive manner necessary to comply therewith and without resulting in any increase in the amounts owed hereunder by the Employer. No reimbursement or in-kind benefit shall be subject to liquidation or exchange for another benefit and the amount available for reimbursement, or in-kind benefits provided, during any calendar year shall not affect the amount available for reimbursement, or in-kind benefits to be provided, in a subsequent calendar year. Any reimbursement to which Executive is entitled hereunder shall be made no later than the last day of the calendar year following the calendar year in which such expenses were incurred. Each severance installment hereunder is intended to be a separate payment for purposes of Code Section 409A. Notwithstanding anything contained herein to the contrary, in no event shall the Employer or any Affiliate thereof be liable to Executive for any taxes or penalties incurred by Executive under Code Section 409A.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first written above.

BRAVO BRIO RESTAURANT GROUP, INC.

By: /s/ James J. O'Connor
Name: James J. O'Connor

Title: Chief Financial Officer

EXECUTIVE:

/s/Khanh P.Collins
Khanh P. Collins

Exhibit 31(a)

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Brian T. O'Malley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bravo Brio Restaurant Group, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2017

/s/ Brian T. O'Malley

Brian T. O'Malley
President, Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31(b)

**CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, James J. O' Connor, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bravo Brio Restaurant Group, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2017

/s/ James J. O' Connor

James J. O' Connor
Executive Vice President,
Chief Financial Officer, Treasurer and Secretary
(Principal Financial and Accounting Officer)

Exhibit 32(a)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Bravo Brio Restaurant Group, Inc. (the "Company") on Form 10-Q for the period ended June 25, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Brian T. O'Malley, President and Chief Executive Officer of the Company, and James J. O'Connor, Executive Vice President, Chief Financial Officer, Treasurer and Secretary of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 3, 2017	/s/ Brian T. O'Malley
	Brian T. O'Malley
	President, Chief Executive Officer and Director
	(Principal Executive Officer)
Dated: August 3, 2017	/s/ James J. O'Connor
	James J. O'Connor
	Executive Vice President, Chief Financial Officer, Treasurer and Secretary
	(Principal Financial and Accounting Officer)