

UNITED STATES
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 March 31, 2013

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: 001-35625



BLOOMIN' BRANDS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

20-8023465

(I.R.S. Employer Identification No.)

2202 North West Shore Boulevard, Suite 500, Tampa, Florida 33607

(Address of principal executive offices) (Zip Code)

(813) 282-1225

(Registrant's telephone number, including area code)

N/A

(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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

As of April 26, 2013, 123,044,353 shares of common stock of the registrant were outstanding.

BLOOMIN' BRANDS, INC.

INDEX TO QUARTERLY REPORT ON FORM 10-Q
For the Quarterly Period Ended March 31, 2013
(Unaudited)

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BLOOMIN' BRANDS, INC.**PART I: FINANCIAL INFORMATION****Item 1. Financial Statements****CONSOLIDATED BALANCE SHEETS**
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA, UNAUDITED)

	<u>MARCH 31,</u> <u>2013</u>	<u>DECEMBER 31,</u> <u>2012</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 217,469	\$ 261,690
Current portion of restricted cash	3,671	4,846
Inventories	67,838	78,181
Deferred income tax assets	39,274	39,774
Other current assets, net	99,472	103,321
Total current assets	<u>427,724</u>	<u>487,812</u>
Restricted cash	15,332	15,243
Property, fixtures and equipment, net	1,505,468	1,506,035
Investments in and advances to unconsolidated affiliates, net	40,041	36,748
Goodwill	270,058	270,972
Intangible assets, net	548,182	551,779
Deferred income tax assets	2,141	2,532
Other assets, net	145,447	145,432
Total assets	<u>\$ 2,954,393</u>	<u>\$ 3,016,553</u>

(CONTINUED...)

BLOOMIN' BRANDS, INC.**CONSOLIDATED BALANCE SHEETS**
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA, UNAUDITED)

	MARCH 31, 2013	DECEMBER 31, 2012
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 141,030	\$ 131,814
Accrued and other current liabilities	173,661	192,284
Current portion of partner deposits and accrued partner obligations	14,570	14,771
Unearned revenue	232,134	329,518
Current portion of long-term debt	13,167	22,991
Total current liabilities	574,562	691,378
Partner deposits and accrued partner obligations	81,398	85,762
Deferred rent	90,350	87,641
Deferred income tax liabilities	195,695	195,874
Long-term debt, net	1,451,694	1,471,449
Other long-term liabilities, net	261,955	264,244
Total liabilities	2,655,654	2,796,348
Commitments and contingencies		
Stockholders' Equity		
Bloomin' Brands, Inc. Stockholders' Equity		
Preferred stock, \$0.01 par value, 25,000,000 shares authorized; no shares issued and outstanding at March 31, 2013 and December 31, 2012	—	—
Common stock, \$0.01 par value, 475,000,000 shares authorized; 122,569,475 and 121,148,451 shares issued and outstanding at March 31, 2013 and December 31, 2012, respectively	1,226	1,211
Additional paid-in capital	1,021,393	1,000,963
Accumulated deficit	(709,862)	(773,085)
Accumulated other comprehensive loss	(19,333)	(14,801)
Total Bloomin' Brands, Inc. stockholders' equity	293,424	214,288
Noncontrolling interests	5,315	5,917
Total stockholders' equity	298,739	220,205
Total liabilities and stockholders' equity	\$ 2,954,393	\$ 3,016,553

The accompanying notes are an integral part of these consolidated financial statements.

BLOOMIN' BRANDS, INC.**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**
(IN THOUSANDS, EXCEPT PER SHARE DATA, UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	2013	2012
Revenues		
Restaurant sales	\$ 1,082,356	\$ 1,045,466
Other revenues	9,894	10,160
Total revenues	<u>1,092,250</u>	<u>1,055,626</u>
Costs and expenses		
Cost of sales	349,989	335,859
Labor and other related	299,867	293,501
Other restaurant operating	233,809	218,965
Depreciation and amortization	40,196	38,860
General and administrative	72,491	76,002
Provision for impaired assets and restaurant closings	1,896	4,435
Income from operations of unconsolidated affiliates	(2,858)	(2,404)
Total costs and expenses	<u>995,390</u>	<u>965,218</u>
Income from operations	96,860	90,408
Loss on extinguishment of debt	—	(2,851)
Other (expense) income, net	(217)	54
Interest expense, net	(20,880)	(20,974)
Income before provision for income taxes	75,763	66,637
Provision for income taxes	10,707	12,805
Net income	65,056	53,832
Less: net income attributable to noncontrolling interests	1,833	3,833
Net income attributable to Bloomin' Brands, Inc.	<u>\$ 63,223</u>	<u>\$ 49,999</u>
Net income		
Net income	\$ 65,056	\$ 53,832
Other comprehensive income:		
Foreign currency translation adjustment	(4,532)	3,149
Comprehensive income	60,524	56,981
Less: comprehensive income attributable to noncontrolling interests	1,833	3,833
Comprehensive income attributable to Bloomin' Brands, Inc.	<u>\$ 58,691</u>	<u>\$ 53,148</u>
Earnings per share:		
Basic	\$ 0.52	\$ 0.47
Diluted	\$ 0.50	\$ 0.47
Weighted average common shares outstanding:		
Basic	121,238	106,332
Diluted	<u>126,507</u>	<u>107,058</u>

The accompanying notes are an integral part of these consolidated financial statements.

BLOOMIN' BRANDS, INC.**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**
(IN THOUSANDS, UNAUDITED)

BLOOMIN' BRANDS, INC.							
	COMMON STOCK	COMMON STOCK AMOUNT	ADDITIONAL PAID-IN CAPITAL	ACCUM-ULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS	NON- CONTROLLING INTERESTS	TOTAL
Balance, December 31, 2012	121,148	\$ 1,211	\$ 1,000,963	\$ (773,085)	\$ (14,801)	\$ 5,917	\$ 220,205
Net income	—	—	—	63,223	—	1,833	65,056
Foreign currency translation adjustment	—	—	—	—	(4,532)	—	(4,532)
Stock-based compensation	—	—	4,494	—	—	—	4,494
Exercises of stock options	1,212	12	10,627	—	—	—	10,639
Issuance of restricted stock	219	3	—	—	—	—	3
Forfeiture of restricted stock	(10)	—	(3)	—	—	—	(3)
Repayments of notes receivable due from stockholders	—	—	5,312	—	—	—	5,312
Distributions to noncontrolling interests	—	—	—	—	—	(2,435)	(2,435)
Balance, March 31, 2013	122,569	\$ 1,226	\$ 1,021,393	\$ (709,862)	\$ (19,333)	\$ 5,315	\$ 298,739

(CONTINUED...)

BLOOMIN' BRANDS, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(IN THOUSANDS, UNAUDITED)

BLOOMIN' BRANDS, INC.							
	COMMON STOCK	COMMON STOCK AMOUNT	ADDITIONAL PAID-IN CAPITAL	ACCUM-ULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS	NON- CONTROLLING INTERESTS	TOTAL
Balance, December 31, 2011	106,573	\$ 1,066	\$ 874,753	\$ (822,625)	\$ (22,344)	\$ 9,447	\$ 40,297
Net income	—	—	—	49,999	—	3,833	53,832
Foreign currency translation adjustment	—	—	—	—	3,149	—	3,149
Stock-based compensation	—	—	833	—	—	—	833
Repurchase of common stock	(36)	(1)	316	(431)	—	—	(116)
Forfeiture of restricted stock	(20)	—	(127)	—	—	—	(127)
Issuance of notes receivable due from stockholders	—	—	(47)	—	—	—	(47)
Repayments of notes receivable due from stockholders	—	—	1,463	—	—	—	1,463
Distributions to noncontrolling interests	—	—	—	—	—	(4,160)	(4,160)
Balance, March 31, 2012	106,517	\$ 1,065	\$ 877,191	\$ (773,057)	\$ (19,195)	\$ 9,120	\$ 95,124

The accompanying notes are an integral part of these consolidated financial statements.

BLOOMIN' BRANDS, INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS**
(IN THOUSANDS, UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	2013	2012
Cash flows provided by operating activities:		
Net income	\$ 65,056	\$ 53,832
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	40,196	38,860
Amortization of deferred financing fees	923	2,924
Amortization of capitalized gift card sales commissions	7,604	6,690
Provision for impaired assets and restaurant closings	1,896	4,435
Accretion on debt discounts	653	173
Stock-based and other non-cash compensation expense	6,195	12,543
Income from operations of unconsolidated affiliates	(2,858)	(2,404)
Deferred income tax benefit	—	(333)
(Gain) loss on disposal of property, fixtures and equipment	(318)	484
Unrealized (gain) loss on derivative financial instruments	(263)	194
Gain on life insurance and restricted cash investments	(1,944)	(3,156)
Loss on extinguishment of debt	—	2,851
Recognition of deferred gain on sale-leaseback transaction	(485)	—
Change in assets and liabilities:		
Decrease in inventories	10,201	886
(Increase) decrease in other current assets	(5,167)	12,763
Decrease in other assets	2,530	2,447
Decrease in accounts payable and accrued and other current liabilities	(12,827)	(36,363)
Increase in deferred rent	2,836	2,834
Decrease in unearned revenue	(97,245)	(97,751)
Increase in other long-term liabilities	1,117	187
Net cash provided by operating activities	<u>18,100</u>	<u>2,096</u>
Cash flows (used in) provided by investing activities:		
Purchases of Company-owned life insurance	(372)	(350)
Proceeds from sale of Company-owned life insurance	38	—
Proceeds from disposal of property, fixtures and equipment	1,799	1,255
Proceeds from sale-leaseback transaction	—	192,886
Capital expenditures	(40,950)	(34,019)
Decrease in restricted cash	6,184	16,816
Increase in restricted cash	(5,093)	(21,100)
Return on investment from unconsolidated affiliates	—	332
Net cash (used in) provided by investing activities	<u>\$ (38,394)</u>	<u>\$ 155,820</u>

(CONTINUED...)

BLOOMIN' BRANDS, INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS**
(IN THOUSANDS, UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	2013	2012
Cash flows used in financing activities:		
Proceeds from issuance of 2012 CMBS Loan	\$ —	\$ 495,186
Repayments of long-term debt	(30,558)	(6,642)
Extinguishment of CMBS loan	—	(777,563)
Financing fees	—	(5,399)
Proceeds from the exercise of stock options	10,639	—
Distributions to noncontrolling interests	(2,435)	(4,160)
Repayments of partner deposits and accrued partner obligations	(4,184)	(9,242)
Issuance of notes receivable due from stockholders	—	(47)
Repayments of notes receivable due from stockholders	5,312	1,463
Net cash used in financing activities	<u>(21,226)</u>	<u>(306,404)</u>
Effect of exchange rate changes on cash and cash equivalents	(2,701)	1,463
Net decrease in cash and cash equivalents	(44,221)	(147,025)
Cash and cash equivalents at the beginning of the period	261,690	482,084
Cash and cash equivalents at the end of the period	<u>\$ 217,469</u>	<u>\$ 335,059</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 19,975	\$ 13,420
Cash paid for income taxes, net of refunds	2,217	4,992
Supplemental disclosures of non-cash investing and financing activities:		
Conversion of partner deposits and accrued partner obligations to notes payable	\$ 325	\$ 2,646
Acquisition of property, fixtures and equipment through accounts payable or capital lease liabilities	1,199	3,423

The accompanying notes are an integral part of these consolidated financial statements.

BLOOMIN' BRANDS, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

1. Basis of Presentation

Bloomin' Brands, Inc. ("Bloomin' Brands" or the "Company") was formed by an investor group comprised of funds advised by Bain Capital Partners, LLC and Catterton Management Company, LLC (the "Sponsors") and Chris T. Sullivan, Robert D. Basham and J. Timothy Gannon (the "Founders") and certain members of management. Bloomin' Brands is a holding company and conducts its operations through OSI Restaurant Partners, LLC ("OSI"), the Company's primary operating entity, and New Private Restaurant Properties, LLC, an indirect wholly-owned subsidiary of the Company that leases certain Company-owned restaurant properties to a subsidiary of OSI. In August 2012, the Company completed an initial public offering of its common stock.

The Company owns and operates casual, polished casual and fine dining restaurants primarily in the United States. The Company's restaurant portfolio has five concepts: Outback Steakhouse, Carrabba's Italian Grill, Bonefish Grill, Fleming's Prime Steakhouse and Wine Bar and Roy's. Additional Outback Steakhouse, Carrabba's Italian Grill and Bonefish Grill restaurants in which the Company has no direct investment are operated under franchise agreements.

The Company has reclassified certain items in the accompanying consolidated financial statements for prior periods to be comparable with the classification for the three months ended March 31, 2013. These reclassifications had no effect on previously reported net income.

The accompanying interim unaudited consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles in the United States ("U.S. GAAP") for complete financial statements. In the opinion of the Company, all adjustments necessary for the fair presentation of the Company's results of operations, financial position and cash flows for the periods presented have been included and are of a normal, recurring nature. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full-year. These financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (the "2012 Form 10-K").

2. Recently Issued Financial Accounting Standards

In December 2011, the FASB issued ASU No. 2011-11, "Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities" ("ASU No. 2011-11"), which enhances current disclosures about financial instruments and derivative instruments that are either offset on the statement of financial position or subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset on the statement of financial position. The guidance requires the Company to provide both net and gross information for these assets and liabilities. In January 2013, the FASB issued ASU No. 2013-01, "Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities" ("ASU No. 2013-01"), to limit the scope of the new balance sheet offsetting disclosure requirements to derivatives (including bifurcated embedded derivatives), repurchase agreements and reverse repurchase agreements, and securities borrowing and lending transactions. Both ASU No. 2011-11 and ASU No. 2013-01 are effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods with retrospective application required. The adoption of ASU No. 2011-11 and ASU No. 2013-01 on January 1, 2013 did not have an impact on the Company's financial position, results of operations or cash flows.

BLOOMIN' BRANDS, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) - Continued**

In July 2012, the FASB issued ASU No. 2012-02, "Intangibles-Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment" ("ASU No. 2012-02"), which permits an entity to make a qualitative assessment of whether it is more likely than not that an indefinite-lived intangible asset's fair value is less than its carrying value before applying the two-step quantitative impairment test. If it is determined through the qualitative assessment that an indefinite-lived intangible asset's fair value is more likely than not greater than its carrying value, the remaining impairment steps would be unnecessary. The qualitative assessment is optional, allowing entities to go directly to the quantitative assessment. ASU No. 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The adoption of ASU No. 2012-02 on January 1, 2013 did not have an impact on the Company's financial position, results of operations or cash flows.

In February 2013, the FASB issued ASU No. 2013-02, "Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income" ("ASU No. 2013-02"), which requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. The guidance requires an entity to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required to be reclassified to net income in its entirety in the same reporting period. For amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other required disclosures that provide additional detail about those amounts. ASU No. 2013-02 is effective for the Company prospectively for reporting periods beginning after December 15, 2012. The adoption of ASU No. 2013-02 on January 1, 2013 did not have an impact on the Company's financial position, results of operations or cash flows.

In March 2013, the FASB issued ASU No. 2013-05, "Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity (a consensus of the FASB Emerging Issues Task Force)" ("ASU No. 2013-05"). Under ASU No. 2013-05, an entity would recognize cumulative translation adjustments in earnings when it ceases to have a controlling financial interest in a subsidiary or group of assets within a consolidated foreign entity and the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets resided. However, when an entity sells either a part or all of its investment in a consolidated foreign entity, an entity would recognize cumulative translation adjustments in earnings only if the parent no longer has a controlling financial interest in the foreign entity as a result of the sale. In the case of sales of an equity method investment that is a foreign entity, a pro rata portion of cumulative translation adjustments attributable to the equity method investment would be recognized in earnings upon sale of the equity method investment. In addition, cumulative translation adjustments would be recognized in earnings upon a business combination achieved in stages such as a step acquisition. ASU No. 2013-05 is effective for public companies for fiscal years beginning on or after December 15, 2013 and interim periods within those fiscal years, with early adoption permitted. The Company will adopt ASU No. 2013-05 effective January 1, 2014 with prospective application to the derecognition of any foreign entity subsidiaries, groups of assets or investments in foreign entities completed on or after January 1, 2014. The impact of ASU No. 2013-05 on the Company's financial position, results of operations and cash flows is dependent on future transactions resulting in derecognition of the Company's foreign assets, subsidiaries or investments in foreign entities completed on or after adoption.

BLOOMIN' BRANDS, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) - Continued****3. Earnings Per Share**

The computation of basic and diluted earnings per common share is as follows (in thousands, except per share amounts):

	THREE MONTHS ENDED	
	MARCH 31,	
	2013	2012
Net income attributable to Bloomin' Brands, Inc.	\$ 63,223	\$ 49,999
Basic weighted average common shares outstanding	121,238	106,332
Effect of diluted securities:		
Stock options	5,064	591
Unvested restricted stock	205	135
Diluted weighted average common shares outstanding	126,507	107,058
Basic earnings per share	\$ 0.52	\$ 0.47
Diluted earnings per share	\$ 0.50	\$ 0.47

Dilutive securities outstanding not included in the computation of earnings per share because their effect was antidilutive were as follows (in thousands):

	THREE MONTHS ENDED	
	MARCH 31,	
	2013	2012
Stock options	2,071	550

4. Stock-based Compensation

During the first quarter of 2013, the Company granted performance-based share units ("PSUs") to executives and key members of management. There were no PSUs awarded in periods prior to 2013. The PSUs vest over a period of four years following the date of grant, and 25% of the grant is earned or forfeited on each grant anniversary date, subject to certification of the performance criteria by the Compensation Committee of the Board of Directors. The number of units that actually vest will be determined for each year based on the achievement of certain Company performance criteria set forth in the award agreement and may range from zero to 200% of the annual target grant. PSUs that do not vest based on failure to satisfy the stated performance criteria for any annual period are forfeited. In addition to the satisfaction of the performance criteria for the PSUs, vesting is dependent upon continued service with forfeiture of all unvested PSUs upon termination, unless in the case of death or disability, in which case a pro rata portion of the target number of PSUs are eligible to immediately vest based on actual performance during the performance period. The PSUs are settled in shares of common stock. Holders will receive one share of common stock for each performance-based share unit that vests. The fair value of PSUs is based on the closing price of the Company's common stock on the grant date. Compensation expense for PSUs is recognized over the vesting period when it is probable the performance criteria will be achieved. During the three months ended March 31, 2013, a nominal amount of compensation expense was recorded for the PSUs.

BLOOMIN' BRANDS, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) - Continued**

The following table presents a summary of the Company's stock-based compensation activity for the three months ended March 31, 2013 (in thousands):

	STOCK OPTIONS	RESTRICTED STOCK AWARDS	PERFORMANCE-BASED SHARE UNITS (1)
Outstanding at December 31, 2012	12,379	299	—
Granted	1,282	219	52
Exercised or vested	(1,212)	(3)	—
Forfeited or expired	(243)	(10)	(4)
Outstanding at March 31, 2013	12,206	505	48

(1) Share unit amounts represent the target number of PSUs considered granted for accounting recognition based on the establishment of performance targets for future years. The actual number of shares that will be earned upon vesting is dependent upon actual performance and may range from zero to 200% of the target number of shares.

At March 31, 2013 and December 31, 2012, approximately 6.2 million and 7.3 million, respectively, of outstanding stock options were exercisable.

The weighted-average grant date fair value of stock options granted during the three months ended March 31, 2013 and 2012 was \$8.47 and \$6.87, respectively, and was estimated using the Black-Scholes option pricing model. The following assumptions were used to calculate the fair value of options granted for the periods indicated:

	THREE MONTHS ENDED MARCH 31,	
	2013	2012
Weighted-average risk-free interest rate	1.09%	1.15%
Dividend yield	—%	—%
Expected term	6.3 years	6.5 years
Weighted-average volatility	48.6%	55.5%

During the three months ended March 31, 2013 and 2012, the Company recognized aggregate stock-based compensation expense of \$4.4 million and \$0.7 million, respectively.

5. Investment in Equity Method Investee

Through a joint venture arrangement with PGS Participacoes Ltda., the Company holds a 50% ownership interest in PGS Consultoria e Serviços Ltda. (the "Brazilian Joint Venture"), which operates Outback Steakhouse restaurants in Brazil. The Company accounts for the Brazilian Joint Venture under the equity method of accounting. At March 31, 2013 and December 31, 2012, the Company's net investment of \$39.3 million and \$36.0 million, respectively, was recorded in Investments in and advances to unconsolidated affiliates, net, and a foreign currency translation adjustment of \$0.4 million and \$0.6 million was recorded in Accumulated other comprehensive loss in the Company's Consolidated Balance Sheets for the three months ended March 31, 2013 and 2012, respectively. The Company's share of earnings of \$2.9 million and \$2.4 million for the three months ended March 31, 2013 and 2012, respectively, was recorded in Income from operations of unconsolidated affiliates in the Company's Consolidated Statements of Operations and Comprehensive Income.

BLOOMIN' BRANDS, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) - Continued**

The following table presents summarized financial information for 100% of the Brazilian Joint Venture for the periods ending as indicated (in thousands):

	THREE MONTHS ENDED	
	MARCH 31,	
	2013	2012
Net revenue from sales	\$ 65,933	\$ 58,564
Gross profit	45,323	40,824
Income from continuing operations	7,077	8,147
Net income	4,764	4,808

6. Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following (in thousands):

	MARCH 31,	DECEMBER 31,
	2013	2012
Accrued payroll and other compensation	\$ 84,569	\$ 108,612
Accrued insurance	23,283	22,235
Other current liabilities	65,809	61,437
	<u>\$ 173,661</u>	<u>\$ 192,284</u>

BLOOMIN' BRANDS, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) - Continued**

7. Long-term Debt, Net

Long-term debt, net consisted of the following (in thousands):

	MARCH 31, 2013	DECEMBER 31, 2012
Senior secured term loan B facility, interest rate of 4.75% at March 31, 2013 and December 31, 2012 (1) (2)	\$ 975,000	\$ 1,000,000
Mortgage loan, weighted average interest rates of 3.99% and 3.98% at March 31, 2013 and December 31, 2012, respectively (3)	317,621	319,574
First mezzanine loan, interest rate of 9.00% at March 31, 2013 and December 31, 2012 (3)	86,800	87,048
Second mezzanine loan, interest rate of 11.25% at March 31, 2013 and December 31, 2012 (3)	87,103	87,273
Other notes payable, uncollateralized, interest rates ranging from 0.62% to 7.00% and from 0.63% to 7.00% at March 31, 2013 and December 31, 2012, respectively (2)	7,213	9,848
Sale-leaseback obligations (2)	2,375	2,375
Capital lease obligations (2)	1,886	2,112
	<u>1,477,998</u>	<u>1,508,230</u>
Less: current portion of long-term debt	(13,167)	(22,991)
Less: debt discount	(13,137)	(13,790)
Long-term debt, net	<u>\$ 1,451,694</u>	<u>\$ 1,471,449</u>

(1) At December 31, 2012, \$50.0 million of OSI's outstanding senior secured term loan B facility was at an interest rate of 5.75%.

(2) Represents obligations of OSI.

(3) Represents obligations of New PRP (as defined below).

Bloomin' Brands, Inc. is a holding company and conducts its operations through its subsidiaries, certain of which have incurred their own indebtedness as described below.

On October 26, 2012, OSI entered into a credit agreement ("Credit Agreement") with a syndicate of institutional lenders and financial institutions. The senior secured credit facilities provide for senior secured financing of up to \$1.225 billion, consisting of a \$1.0 billion term loan B and a \$225.0 million revolving credit facility, including letter of credit and swing-line loan sub-facilities (the "Credit Facilities"). The term loan B was issued with an original issue discount of \$10.0 million.

The senior secured term loan B matures October 26, 2019. The borrowings under this facility bear interest at rates ranging from 225 to 250 basis points over the Base Rate or 325 to 350 basis points over the Eurocurrency Rate as defined in the Credit Agreement. The Base Rate option is the highest of (i) the prime rate of Deutsche Bank Trust Company Americas, (ii) the federal funds effective rate plus 0.5 of 1.0% or (iii) the Eurocurrency Rate with a one-month interest period plus 1.0% ("Base Rate") (3.25% at March 31, 2013 and December 31, 2012). The Eurocurrency Rate option is the 30, 60, 90 or 180-day Eurocurrency Rate ("Eurocurrency Rate") (ranging from 0.20% to 0.44% and 0.21% to 0.51% at March 31, 2013 and December 31, 2012, respectively). The Eurocurrency Rate may have a nine- or twelve-month interest period if agreed upon by the applicable lenders. With respect to the senior secured term loan B, the Base Rate is subject to an interest rate floor of 2.25%, and the Eurocurrency Rate is subject to an interest rate floor of 1.25%.

OSI is required to prepay outstanding term loans, subject to certain exceptions, with:

- 50% of its "annual excess cash flow" (with step-downs to 25% and 0% based upon its consolidated first lien net leverage ratio), as defined in the Credit Agreement, beginning with the fiscal year ending December 31, 2013 and subject to certain exceptions;
- 100% of the net proceeds of certain assets sales and insurance and condemnation events, subject to reinvestment rights and certain other exceptions; and

BLOOMIN' BRANDS, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) - Continued**

- 100% of the net proceeds of any debt incurred, excluding permitted debt issuances.

The Credit Facilities require scheduled quarterly payments on the term loan B equal to 0.25% of the original principal amount of the term loans for the first six years and three quarters commencing with the quarter ending March 31, 2013. These payments are reduced by the application of any prepayments, and any remaining balance will be paid at maturity. The outstanding balance, excluding the debt discount, on the term loan B was \$975.0 million and \$1.0 billion at March 31, 2013 and December 31, 2012, respectively. At March 31, 2013, none of the outstanding balance on the term loan B was classified as current due to voluntary prepayments of \$25.0 million made by OSI during the first quarter of 2013 and the results of its projected covenant calculations, which indicate the additional term loan prepayments, as described above, will not be required in the next 12 months. The amount of outstanding term loans required to be prepaid in accordance with OSI's debt covenants may vary based on year-end results. At December 31, 2012, \$10.0 million of the outstanding balance on the term loan B was classified as current due to OSI's required quarterly payments.

The revolving credit facility matures October 26, 2017 and provides for swing-line loans and letters of credit of up to \$225.0 million for working capital and general corporate purposes. The revolving credit facility bears interest at rates ranging from 200 to 250 basis points over the Base Rate or 300 to 350 basis points over the Eurocurrency Rate. There were no loans outstanding under the revolving credit facility at March 31, 2013 or December 31, 2012, however, \$37.6 million and \$41.2 million, respectively, of the credit facility was committed for the issuance of letters of credit and not available for borrowing. Total outstanding letters of credit issued under OSI's revolving credit facility may not exceed \$100.0 million.

At March 31, 2013 and December 31, 2012, the Company was in compliance with its debt covenants. See the 2012 Form 10-K for further information about OSI's debt covenant requirements.

On April 10, 2013, OSI completed a repricing of its senior secured term loan B primarily to reduce its stated interest rate. Additional information related to the repricing transaction is included in Note 11.

Effective March 27, 2012, New Private Restaurant Properties, LLC and two of the Company's other indirect wholly-owned subsidiaries (collectively, "New PRP") entered into a commercial mortgage-backed securities loan (the "2012 CMBS Loan") with German American Capital Corporation and Bank of America, N.A. The 2012 CMBS Loan totaled \$500.0 million at origination and was comprised of a first mortgage loan in the amount of \$324.8 million, collateralized by 261 of the Company's properties, and two mezzanine loans totaling \$175.2 million. The loans have a maturity date of April 10, 2017. The first mortgage loan has five fixed rate components and a floating rate component. The fixed rate components bear interest at rates ranging from 2.37% to 6.81% per annum. The floating rate component bears interest at a rate per annum equal to the 30-day London Interbank Offered Rate ("LIBOR") (with a floor of 1%) plus 2.37%. The first mezzanine loan bears interest at a rate of 9.00% per annum, and the second mezzanine loan bears interest at a rate of 11.25% per annum.

The proceeds from the 2012 CMBS Loan, together with the proceeds from a sale-leaseback transaction and excess cash held in Private Restaurant Properties, LLC ("PRP"), a wholly-owned subsidiary, were used to repay PRP's original first mortgage and mezzanine notes (together, the commercial mortgage-backed securities loan) ("CMBS Loan"). During the first quarter of 2012, the Company recorded a \$2.9 million loss related to the extinguishment in Loss on extinguishment of debt in its Consolidated Statement of Operations and Comprehensive Income.

At March 31, 2013 and December 31, 2012, the outstanding balance, excluding the debt discount, on the 2012 CMBS Loan was \$491.5 million and \$493.9 million, respectively.

BLOOMIN' BRANDS, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) - Continued**

8. Other Long-term Liabilities, Net

The Company maintains endorsement split-dollar insurance policies with a death benefit ranging from \$5.0 million to \$10.0 million for one of its current and certain of its former executive officers. The Company is the beneficiary of the policies to the extent of premiums paid or the cash value, whichever is greater, with the death benefit being paid to personal beneficiaries designated by the executive officers. During the first quarter of 2013, the Company terminated the split-dollar agreements with two of its former executive officers in exchange for \$2.2 million in cash. Upon termination, the release of the death benefit and related liabilities and the associated cash termination payment resulted in a net gain of \$2.2 million, which was recorded in General and administrative in the Consolidated Statement of Operations and Comprehensive Income. As a result of the terminations, the Company became the sole and exclusive owner of the related split-dollar insurance policies and elected to cancel them.

As of March 31, 2013 and December 31, 2012, the Company had \$10.1 million and \$14.3 million, respectively, recorded in Other long-term liabilities, net in its Consolidated Balance Sheets for the outstanding obligations under the endorsement split-dollar insurance policies.

9. Fair Value Measurements

Fair Value Measurements on a Recurring Basis

In connection with the 2012 CMBS Loan, the Company entered into an interest rate cap with a notional amount of \$48.7 million as a method to limit the volatility of the floating rate component of the first mortgage loan. This interest rate cap had a nominal fair market value at March 31, 2013 and December 31, 2012.

Fair Value Measurements on a Nonrecurring Basis

The following tables present losses related to the Company's assets and liabilities that were measured at fair value on a nonrecurring basis during the three months ended March 31, 2013 and 2012 aggregated by the level in the fair value hierarchy within which those measurements fall (in thousands):

	MARCH 31, 2013				THREE MONTHS ENDED MARCH 31, 2013 TOTAL LOSSES
	CARRYING VALUE	REMAINING FAIR VALUE			
		LEVEL 1	LEVEL 2	LEVEL 3	
Long-lived assets held and used	\$ 4,434	\$ —	\$ 3,383	\$ 1,051	\$ 1,082

	MARCH 31, 2012				THREE MONTHS ENDED MARCH 31, 2012 TOTAL LOSSES
	CARRYING VALUE	REMAINING FAIR VALUE			
		LEVEL 1	LEVEL 2	LEVEL 3	
Long-lived assets held and used	\$ 864	\$ —	\$ 650	\$ 214	\$ 3,884

BLOOMIN' BRANDS, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) - Continued**

The Company recorded \$1.1 million and \$3.9 million of impairment charges as a result of the fair value measurement on a nonrecurring basis of its long-lived assets held and used during the three months ended March 31, 2013 and 2012, respectively, primarily related to certain specifically identified restaurant locations that have, or are scheduled to be, relocated or closed or are underperforming. The impaired long-lived assets had \$4.4 million and \$0.9 million of remaining fair value at March 31, 2013 and 2012, respectively. Restaurant closure and related expenses of \$0.8 million and \$0.5 million were recognized for the three months ended March 31, 2013 and 2012, respectively. Impairment losses for long-lived assets held and used and restaurant closure and related expenses were recognized in Provision for impaired assets and restaurant closings in the Consolidated Statements of Operations and Comprehensive Income.

The Company primarily used third-party market appraisals (Level 2) and discounted cash flow models (Level 3) to estimate the fair value of the long-lived assets included in the tables above. Projected future cash flows, including discount rate and growth rate assumptions, are derived from current economic conditions, expectations of management and projected trends of current operating results.

The following table presents quantitative information related to the range of unobservable inputs used in the Company's Level 3 fair value measurements for the impairment losses incurred in the three months ended March 31, 2013 and 2012:

UNOBSERVABLE INPUT	THREE MONTHS ENDED MARCH 31,	
	2013	2012
Weighted-average cost of capital	9.5%	11.2%
Long-term growth rates	2.0%	3.0%
Annual revenue growth rates (1)	2.4% - 3.0%	(8.7)% - 3.0%

(1) Weighted averages of the annual revenue growth rates unobservable input range for the three months ended March 31, 2013 and 2012 were 2.6% and 2.4%, respectively.

The Company performed its annual goodwill and other indefinite-lived intangible assets impairment test during the second quarter of 2012 and did not have any impairment charges.

Interim Disclosures about Fair Value of Financial Instruments

The Company's non-derivative financial instruments at March 31, 2013 and December 31, 2012 consist of cash equivalents, restricted cash, accounts receivable, accounts payable and current and long-term debt. The fair values of cash equivalents, restricted cash, accounts receivable and accounts payable approximate their carrying amounts reported in the Consolidated Balance Sheets due to their short duration. The fair value of OSI's senior secured term loan B facility is determined based on quoted market prices in inactive markets. The fair value of New PRP's commercial mortgage-backed securities is based on assumptions derived from current conditions in the real estate and credit markets, changes in the underlying collateral and expectations of management. Fair value estimates for other notes payable are derived using a discounted cash flow approach. Discounted cash flow inputs primarily include cost of debt rates which are used to derive the present value factors for the determination of fair value. These inputs represent assumptions impacted by economic conditions and management expectations and may change in the future based on period-specific facts and circumstances.

BLOOMIN' BRANDS, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) - Continued**

The following tables include the carrying value and fair value of the Company's financial instruments at March 31, 2013 and December 31, 2012 aggregated by the level in the fair value hierarchy in which those measurements fall (in thousands):

	MARCH 31, 2013			
	CARRYING VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3
Senior secured term loan B facility (1)	\$ 975,000	\$ —	\$ 985,969	\$ —
Mortgage loan (2)	317,621	—	—	334,927
First mezzanine loan (2)	86,800	—	—	90,133
Second mezzanine loan (2)	87,103	—	—	91,284
Other notes payable (1)	7,213	—	—	6,738

	DECEMBER 31, 2012			
	CARRYING VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3
Senior secured term loan B facility (1)	\$ 1,000,000	\$ —	\$ 1,010,000	\$ —
Mortgage loan (2)	319,574	—	—	334,678
First mezzanine loan (2)	87,048	—	—	90,371
Second mezzanine loan (2)	87,273	—	—	91,423
Other notes payable (1)	9,848	—	—	9,230

- (1) Represents obligations of OSI.
(2) Represents obligations of New PRP.

10. Income Taxes

The effective income tax rate for the three months ended March 31, 2013 was 14.1% compared to 19.2% for the same period in 2012. This net decrease in the effective income tax rate as compared to the prior year was primarily due to a decrease in the projected foreign pretax book income and the foreign provision being a smaller percentage of projected consolidated pretax annual income.

The effective income tax rate for the three months ended March 31, 2013 was lower than the blended federal and state statutory rate of 38.6% primarily due to the benefit of the expected tax credit for excess FICA tax on employee-reported tips, the foreign rate differential, decrease in the valuation allowance and the elimination of noncontrolling interest together being such a large percentage of projected annual pretax income. The effective income tax rate for the three months ended March 31, 2012 was lower than the blended federal and state statutory rate of 38.7% due to the benefit of the expected tax credit for excess FICA tax on employee-reported tips and the elimination of noncontrolling interest together being such a large percentage of pretax income. This was partially offset by an increase in the valuation allowance.

BLOOMIN' BRANDS, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) - Continued**

At December 31, 2012, the Company had a valuation allowance against deferred income tax assets recorded of \$72.5 million, of which \$67.7 million was for U.S. deferred income tax assets. The Company has reviewed and will continue to review its conclusions about the appropriate amount of its deferred income tax asset valuation allowance in light of circumstances existing in future periods. To the extent the Company continues to generate pretax income in the U.S. in fiscal 2013 at a sufficient level, then, absent other factors indicating a contrary conclusion, the Company will consider a potential reversal of the U.S. related valuation allowance within the next nine to 12 months. Should the Company reverse the valuation allowance, a discrete tax benefit ranging from \$40.0 million to \$50.0 million related to the valuation allowance recorded at December 31, 2012 could be realized. Any release of valuation allowance will be recorded as a tax benefit increasing net income or as an adjustment to paid-in capital. Such reversal will impact the Company's quarterly and annual effective income tax rates and could result in an overall income tax benefit in the period of release. The Company expects to continue to generate significant U.S. income tax credits, which combined with the mix of U.S. and foreign earnings in periods subsequent to the reversal will result in an effective income tax rate that is lower than the blended federal and state statutory rate.

As of March 31, 2013 and December 31, 2012, respectively, the Company had \$13.8 million and \$13.6 million, respectively, of unrecognized tax benefits (\$0.8 million and \$1.0 million, respectively, in Other long-term liabilities, net, \$0.8 million and \$0.9 million, respectively, in Accrued and other current liabilities and \$12.2 million and \$11.7 million, respectively, in Deferred income tax liabilities). Additionally, the Company accrued \$2.3 million and \$2.4 million of interest and penalties related to uncertain tax positions as of March 31, 2013 and December 31, 2012, respectively. Of the total amount of unrecognized tax benefits, including accrued interest and penalties, \$14.0 million and \$13.8 million, respectively, if recognized, would impact the Company's effective tax rate. The difference between the total amount of unrecognized tax benefits and the amount that would impact the effective tax rate consists of items that are offset by deferred income tax assets and the federal tax benefit of state income tax items.

In many cases, the Company's uncertain tax positions are related to tax years that remain subject to examination by relevant taxable authorities. Based on the outcome of these examinations, or as a result of the expiration of the statute of limitations for specific jurisdictions, it is reasonably possible that the related recorded unrecognized tax benefits for tax positions taken on previously filed tax returns will change by approximately \$0.5 million to \$0.6 million within the next twelve months after March 31, 2013.

The Company is currently open to audit under the statute of limitations by the IRS for the years ended December 31, 2007 through 2011. The Company and its subsidiaries' state and foreign income tax returns are also open to audit under the statute of limitations for the years ended December 31, 2000 through 2012. The Company is currently under examination by the Internal Revenue Service for the years ended December 31, 2009 through 2011. At this time, the Company does not believe that the outcome of any examination will have a material impact on the Company's results of operations or financial position.

11. Subsequent Event

On April 10, 2013, OSI completed a repricing of its senior secured term loan B facility pursuant to the First Amendment to Credit Agreement, Guaranty and Security Agreement, among OSI, OSI HoldCo, Inc., the subsidiary guarantors named therein, Deutsche Bank Trust Company Americas, as administrative agent and collateral agent, and a syndicate of institutional lenders and financial institutions (the "Credit Agreement" and, as amended, the "Amended Credit Agreement").

The Amended Credit Agreement replaces OSI's existing senior secured term loan B facility with a new senior secured term loan B facility (the "New Term Loan B"). The New Term Loan B has the same principal amount outstanding (as of the repricing date) of \$975.0 million, maturity date of October 26, 2019, amortization schedule and financial covenants but a lower applicable interest rate than the existing senior secured term loan B facility. Voluntary prepayments made on the principal amount outstanding since the inception of the Credit Agreement will continue to

BLOOMIN' BRANDS, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) - Continued**

be treated as prepayments for purposes of determining amortization payment and mandatory prepayment requirements under the New Term Loan B.

The Amended Credit Agreement decreased the interest rate applicable to the New Term Loan B to 150 basis points over the Base Rate or 250 basis points over the Eurocurrency Rate and reduced the interest rate floors applicable to the New Term Loan B to 2.00% for the Base Rate and 1.00% for the Eurocurrency Rate. Prepayments or amendments of the New Term Loan B that constitute a “repricing transaction” (as defined in the Amended Credit Agreement) will be subject to a premium of 1.00% of the New Term Loan B if prepaid or amended on or prior to October 10, 2013. Prepayments and repricings made after October 10, 2013 will not be subject to premium or penalty.

Pursuant to the terms of the Credit Agreement, the Company was required to pay a prepayment penalty of approximately \$10.0 million at closing in connection with the repricing transaction. Additional professional fees will also be recorded in the second quarter of 2013 as well as an adjustment of the deferred financing fees and unamortized debt discount based on completion of the Company’s analysis of debt extinguishment or modification treatment for the repricing.

BLOOMIN' BRANDS, INC.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

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

Management's discussion and analysis of financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and the related notes. Unless the context otherwise indicates, as used in this report, the term the "Company," "we," "us," "our" and other similar terms mean Bloomin' Brands, Inc. and its subsidiaries.

Cautionary Statement

This Quarterly Report on Form 10-Q includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Exchange Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "feels," "seeks," "forecasts," "projects," "intends," "plans," "may," "will," "should," "could" or "would" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies, capital expenditures and the industry in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, the following:

- (i) The restaurant industry is a highly competitive industry with many well-established competitors;
- (ii) Challenging economic conditions may affect our liquidity by adversely impacting numerous items that include, but are not limited to: consumer confidence and discretionary spending; the availability of credit presently arranged from our revolving credit facilities; the future cost and availability of credit; interest rates; foreign currency exchange rates; and the liquidity or operations of our third-party vendors and other service providers;
- (iii) Our ability to expand is dependent upon various factors such as the availability of attractive sites for new restaurants; our ability to obtain appropriate real estate sites at acceptable prices; our ability to obtain all required governmental permits including zoning approvals and liquor licenses on a timely basis; the impact of government moratoriums or approval processes, which could result in significant delays; our ability to obtain all necessary contractors and subcontractors; union activities such as picketing and hand billing that could delay construction; our ability to generate or borrow funds; our ability to negotiate suitable lease terms; our ability to recruit and train skilled management and restaurant employees; and our ability to receive the premises from the landlord's developer without any delays;
- (iv) Our results can be impacted by changes in consumer tastes and the level of consumer acceptance of our restaurant concepts (including consumer tolerance of our prices); local, regional, national and international economic and political conditions; the seasonality of our business; demographic trends; traffic patterns and our ability to effectively respond in a timely manner to changes in traffic patterns; changes in consumer dietary habits; employee availability; the cost of advertising and media; government actions and policies; inflation or deflation; unemployment rates; interest rates; exchange rates; and increases in various costs, including construction, real estate and health insurance costs;

BLOOMIN' BRANDS, INC.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

- (v) Weather, natural disasters and other disasters could result in construction delays and also adversely affect the results of one or more restaurants for an indeterminate amount of time;
- (vi) Our results can be negatively impacted by the effects of actual or threatened armed conflicts or terrorist attacks, efforts to combat terrorism, or other military action affecting countries in which we do business and by the effects of heightened security requirements on local, regional, national, or international economies or consumer confidence;
- (vii) Our results can be impacted by tax and other legislation and regulation in the jurisdictions in which we operate and by accounting standards or pronouncements;
- (viii) Our results can be impacted by unanticipated changes in our tax rates, exposure to additional income tax liabilities, a change in our ability to realize deferred tax benefits or the timing and amount of a reversal of recorded deferred tax benefit valuation allowances;
- (ix) Minimum wage increases and mandated employee benefits could cause a significant increase in our labor costs;
- (x) Commodities, including but not limited to, such items as beef, chicken, shrimp, pork, seafood, dairy, produce, potatoes, onions and energy supplies, are subject to fluctuation in price and availability and price could increase or decrease more than we expect;
- (xi) Our results can be affected by consumer reaction to public health issues;
- (xii) Our results can be affected by consumer perception of food safety;
- (xiii) We could face liabilities if we are unable to protect customer credit and debit card data or personal employee information; and
- (xiv) Our substantial leverage and significant restrictive covenants in our various credit facilities could adversely affect our ability to raise additional capital to fund our operations, limit our ability to make capital expenditures to invest in new or renovate restaurants, limit our ability to react to changes in the economy or our industry and expose us to interest rate risk in connection with our variable-rate debt.

Although we base these forward-looking statements on assumptions that we believe are reasonable when made, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and industry developments may differ materially from statements made in or suggested by the forward-looking statements contained in this report. In addition, even if our results of operations, financial condition and liquidity, and industry developments are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in subsequent periods.

In light of these risks and uncertainties, we caution you not to place undue reliance on these forward-looking statements. Any forward-looking statement that we make in this report speaks only as of the date of such statement, and we undertake no obligation to update any forward-looking statement or to publicly announce the results of any revision to any of those statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

BLOOMIN' BRANDS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are one of the largest casual dining restaurant companies in the world with a portfolio of leading, differentiated restaurant concepts. As of March 31, 2013, we owned and operated 1,275 restaurants and had 203 restaurants operating under a franchise or joint venture arrangement across 48 states, Puerto Rico, Guam and 19 countries. We have five founder-inspired concepts: Outback Steakhouse, Carrabba's Italian Grill, Bonefish Grill, Fleming's Prime Steakhouse and Wine Bar and Roy's. Our concepts seek to provide a compelling customer experience combining great food, highly attentive service and lively and contemporary ambience at attractive prices. Our restaurants attract customers across a variety of occasions, including everyday dining, celebrations and business entertainment. Each of our concepts maintains a unique, founder-inspired brand identity and entrepreneurial culture, while leveraging our scale and enhanced operating model. We consider Outback Steakhouse, Carrabba's Italian Grill, Bonefish Grill and Fleming's Prime Steakhouse and Wine Bar to be our core concepts.

The restaurant industry is a highly competitive and fragmented industry and is sensitive to changes in the economy, trends in lifestyles, seasonality (customer spending patterns at restaurants are generally highest in the first quarter of the year and lowest in the third quarter of the year) and fluctuating costs. Operating margins for restaurants can vary due to competitive pricing strategies, labor costs and fluctuations in prices of commodities, including beef, chicken, seafood, butter, cheese, produce and other necessities to operate a restaurant, such as natural gas or other energy supplies. Restaurant companies tend to focus on increasing market share, comparable restaurant sales growth and new unit growth. Competitive pressure for market share, commodity inflation, foreign currency exchange rates and other market conditions have had and could continue to have an adverse impact on our business.

Our industry is characterized by high initial capital investment, coupled with high labor costs, and chain restaurants have been increasingly taking share from independent restaurants over the past several years. We believe that this trend will continue due to increasing barriers that may prevent independent restaurants and/or start-up chains from building scale operations, including menu labeling, burdensome labor regulations and healthcare reforms that will be enforced once chains grow past a certain number of restaurants or number of employees. The combination of these factors underscores our initiative to drive increased sales at existing restaurants in order to raise margins and profits, because the incremental contribution to profits from every additional dollar of sales above the minimum costs required to open, staff and operate a restaurant is relatively high. Historically, we have not focused on growth in the number of restaurants just to generate additional sales. Our expansion and operating strategies have balanced investment and operating cost considerations in order to generate reasonable, sustainable margins and achieve acceptable returns on investment from our restaurant concepts.

Our strategic plan and operating model entails maintaining an experienced executive management team and adapting practices from the consumer products and retail industries to complement our restaurant acumen and enhance our brand management, analytics and innovation. This model keeps the customer at the center of our decision-making and focuses on continuous innovation and productivity to drive sustainable sales and profit growth. In addition, we remain recommitted to new unit development after curtailing expansion from 2009 to 2011. We believe that a substantial development opportunity remains for our concepts in the U.S. and internationally.

We continue to balance near-term growth in market share with investments to achieve sustainable growth. In 2013, our key growth strategies, which are enabled by continued improvements in infrastructure and organizational effectiveness include:

- *Grow Comparable Restaurant Sales.* We plan to continue our efforts to remodel our Outback Steakhouse and Carrabba's Italian Grill restaurants, use limited-time offers and multimedia marketing campaigns to drive traffic, selectively expand the lunch daypart and introduce innovative menu items that match evolving consumer preferences. In addition, in April 2013, we accelerated our restaurant relocation plan primarily related to the Outback Steakhouse brand. This multi-year relocation plan will begin with approximately 10 to 20 restaurants

BLOOMIN' BRANDS, INC.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

in 2013, of which some will not be completed until 2014, and would result in additional expenses in the range of \$4.0 million to \$8.0 million in 2013.

- *Pursue New Domestic and International Development With Strong Unit Level Economics.* We believe that a substantial development opportunity remains for our concepts in the U.S. and internationally. Our top domestic development priority is Bonefish Grill unit growth. Internationally, we are focusing on existing markets in South Korea, Hong Kong and Brazil, with strategic expansion in selected emerging and high growth developed markets. We are focusing our new market growth in China, Mexico and South America. We expect to open between 45 and 55 system-wide locations in 2013 and increase the pace thereafter.
- *Drive Margin Improvement.* We believe we have the opportunity to increase our margins through leveraging increases in average unit volumes and cost reductions in labor, food, supply chain and restaurant facilities.

We believe that the combination of macro-economic and other factors have put considerable pressure on sales in the casual dining industry thus far in 2013 and, as a result, the first quarter of 2013 has reflected a slowdown in our comparable restaurant sales growth. For example, the ongoing impacts of the housing crisis, high unemployment, the so-called “sequester” and related governmental spending and budget matters, gasoline prices, reduced disposable consumer income and consumer confidence have had a negative effect on discretionary consumer spending. As these conditions persist, we will face increased pressure with respect to our pricing, traffic levels and commodity costs. We believe that in this environment, we will need to maintain our focus on value and innovation to continue to drive sales.

Key Performance Indicators

Key measures that we use in evaluating our restaurants and assessing our business include the following:

- *Average restaurant unit volumes*—average sales per restaurant to measure changes in customer traffic, pricing and development of the brand;
- *Comparable restaurant sales*—year-over-year comparison of sales volumes for domestic, Company-owned restaurants that are open 18 months or more in order to remove the impact of new restaurant openings in comparing the operations of existing restaurants;
- *System-wide sales*—total restaurant sales volume for all Company-owned, franchise and unconsolidated joint venture restaurants, regardless of ownership, to interpret the overall health of our brands;
- *Adjusted income from operations, Adjusted net income attributable to Bloomin' Brands, Inc., Adjusted diluted earnings per share and Adjusted diluted earnings per pro forma share*—non-GAAP financial measures utilized to evaluate our operating performance (see “—Non-GAAP Financial Measures” section below for further information); and
- *Customer satisfaction scores*—measurement of our customers' experiences in a variety of key attributes.

BLOOMIN' BRANDS, INC.**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS****Selected Operating Data**

The table below presents the number of our restaurants in operation at the end of the periods indicated:

	MARCH 31,	
	2013	2012
Number of restaurants (at end of the period):		
Outback Steakhouse		
Company-owned—domestic (1)	663	670
Company-owned—international (1)	117	110
Franchised—domestic	106	106
Franchised and joint venture—international	89	81
Total	<u>975</u>	<u>967</u>
Carrabba's Italian Grill		
Company-owned	234	230
Franchised	1	1
Total	<u>235</u>	<u>231</u>
Bonefish Grill		
Company-owned	174	151
Franchised	7	7
Total	<u>181</u>	<u>158</u>
Fleming's Prime Steakhouse and Wine Bar		
Company-owned	65	64
Roy's		
Company-owned	22	22
System-wide total	<u>1,478</u>	<u>1,442</u>

(1) One Company-owned restaurant in Puerto Rico that was previously included in Outback Steakhouse (international) is now included in Outback Steakhouse (domestic). The prior period has been revised to conform to the current period presentation.

We operate restaurants under brands that have similar economic characteristics, nature of products and services, class of customer and distribution methods, and as a result, aggregate our operating segments into a single reporting segment.

BLOOMIN' BRANDS, INC.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Results of Operations

The following table sets forth, for the periods indicated, percentages that items in our Consolidated Statements of Operations and Comprehensive Income bear to Total revenues or Restaurant sales, as indicated:

	THREE MONTHS ENDED	
	MARCH 31,	
	2013	2012
Revenues		
Restaurant sales	99.1 %	99.0 %
Other revenues	0.9	1.0
Total revenues	100.0	100.0
Costs and expenses		
Cost of sales (1)	32.3	32.1
Labor and other related (1)	27.7	28.1
Other restaurant operating (1)	21.6	20.9
Depreciation and amortization	3.7	3.7
General and administrative	6.6	7.2
Provision for impaired assets and restaurant closings	0.2	0.4
Income from operations of unconsolidated affiliates	(0.3)	(0.2)
Total costs and expenses	91.1	91.4
Income from operations	8.9	8.6
Loss on extinguishment of debt	—	(0.3)
Other (expense) income, net	(*)	*
Interest expense, net	(2.0)	(2.0)
Income before provision for income taxes	6.9	6.3
Provision for income taxes	0.9	1.2
Net income	6.0	5.1
Less: net income attributable to noncontrolling interests	0.2	0.4
Net income attributable to Bloomin' Brands, Inc.	5.8 %	4.7 %
Net income	6.0 %	5.1 %
Other comprehensive income:		
Foreign currency translation adjustment	(0.4)	0.3
Comprehensive income	5.6	5.4
Less: comprehensive income attributable to noncontrolling interests	0.2	0.4
Comprehensive income attributable to Bloomin' Brands, Inc.	5.4 %	5.0 %

(1) As a percentage of Restaurant sales.

* Less than 1/10th of one percent of Total revenues.

BLOOMIN' BRANDS, INC.**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS****REVENUES***Restaurant sales*

	THREE MONTHS ENDED			
	MARCH 31,		\$ Change	% Change
(dollars in millions):	2013	2012		
Restaurant sales	\$ 1,082.4	\$ 1,045.5	\$ 36.9	3.5%

The increase in restaurant sales in the three months ended March 31, 2013 as compared to the same period in 2012 was primarily attributable to (i) additional revenues of approximately \$24.7 million from the opening of 44 new restaurants not included in our comparable restaurant sales base and (ii) a \$15.9 million increase in comparable restaurant sales at our existing restaurants (including a 1.6% combined comparable restaurant sales increase in the first quarter of 2013 at our core domestic concepts) which was primarily due to increases in customer traffic and general menu prices which were partially offset by mix in our product sales. The increases in customer traffic were primarily driven by selective daypart expansion across certain concepts, innovations in menu, service, promotions and operations across the portfolio and renovations at additional Outback Steakhouse locations partially offset by unfavorable winter weather conditions and the additional day in February 2012 due to Leap Year. The increase in restaurant sales in the three months ended March 31, 2013 as compared to the same period in 2012 was partially offset by a \$3.7 million decrease from the closing of eight restaurants since March 31, 2012.

BLOOMIN' BRANDS, INC.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following table includes additional information about changes in restaurant sales at domestic Company-owned restaurants for our core brands:

	THREE MONTHS ENDED	
	MARCH 31,	
	2013	2012
Average restaurant unit volumes (weekly):		
Outback Steakhouse (1)	\$ 66,943	\$ 64,452
Carrabba's Italian Grill	\$ 62,134	\$ 62,510
Bonefish Grill	\$ 65,604	\$ 64,869
Fleming's Prime Steakhouse and Wine Bar	\$ 84,966	\$ 80,511
Operating weeks:		
Outback Steakhouse (1)	8,542	8,706
Carrabba's Italian Grill	3,009	2,991
Bonefish Grill	2,192	1,957
Fleming's Prime Steakhouse and Wine Bar	836	832
Year over year percentage change:		
Menu price increases: (2)		
Outback Steakhouse	2.1 %	2.0%
Carrabba's Italian Grill	1.4 %	2.4%
Bonefish Grill	1.9 %	2.7%
Fleming's Prime Steakhouse and Wine Bar	2.1 %	2.4%
Comparable restaurant sales (stores open 18 months or more):		
Outback Steakhouse (1)	2.5 %	5.2%
Carrabba's Italian Grill	(1.7)%	4.3%
Bonefish Grill	0.5 %	6.2%
Fleming's Prime Steakhouse and Wine Bar	5.0 %	5.4%
Combined (concepts above)	1.6 %	5.2%

- (1) One Company-owned restaurant in Puerto Rico that was previously included in Outback Steakhouse (international) is now included in Outback Steakhouse (domestic). This change affects the calculation of average restaurant unit volumes, operating weeks and comparable restaurant sales. The prior period has been revised to conform to the current period presentation.
- (2) The stated menu price changes exclude the impact of product mix shifts to new menu offerings.

BLOOMIN' BRANDS, INC.**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS****COSTS AND EXPENSES***Cost of sales*

(dollars in millions):	THREE MONTHS ENDED			Change
	MARCH 31,			
	2013	2012		
Cost of sales	\$ 350.0	\$ 335.9		
% of Restaurant sales	32.3%	32.1%		0.2%

Cost of sales, consisting of food and beverage costs, increased as a percentage of restaurant sales in the three months ended March 31, 2013 as compared to the same period in 2012. The increase as a percentage of restaurant sales was primarily 0.8% from increases in the cost of beef and 0.4% from changes in our liquor, beer and wine mix and product mix. The increase was partially offset by decreases as a percentage of restaurant sales of 0.4% from the impact of certain cost savings initiatives, 0.4% from menu price increases and 0.2% from decreases in seafood.

Labor and other related expenses

(dollars in millions):	THREE MONTHS ENDED			Change
	MARCH 31,			
	2013	2012		
Labor and other related	\$ 299.9	\$ 293.5		
% of Restaurant sales	27.7%	28.1%		(0.4)%

Labor and other related expenses include all direct and indirect labor costs incurred in operations, including distribution expense to managing partners, costs related to the Partner Equity Plan ("PEP") and Partner Ownership Account ("POA") deferred compensation plans (see "—Liquidity and Capital Resources—Deferred Compensation Plans"), and other incentive compensation expenses. Labor and other related expenses decreased as a percentage of restaurant sales in the three months ended March 31, 2013 as compared to the same period in 2012. The decrease as a percentage of restaurant sales was primarily attributable to the following: (i) 0.4% from changes in deferred compensation participant accounts, (ii) 0.3% from the impact of certain cost savings initiatives and (iii) 0.3% from higher average unit volumes at the majority of our restaurants. The decreases were partially offset by increases as a percentage of restaurant sales of 0.6% from higher kitchen and service labor costs and 0.2% from higher field management labor and bonus expenses.

BLOOMIN' BRANDS, INC.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Other restaurant operating expenses

	THREE MONTHS ENDED		Change
	MARCH 31,		
(dollars in millions):	2013	2012	
Other restaurant operating	\$ 233.8	\$ 219.0	
% of Restaurant sales	21.6%	20.9%	0.7%

Other restaurant operating expenses include certain unit-level operating costs such as operating supplies, rent, repairs and maintenance, advertising expenses, utilities, pre-opening costs and other occupancy costs. A substantial portion of these expenses is fixed or indirectly variable. The increase as a percentage of restaurant sales in the three months ended March 31, 2013 as compared to the same period in 2012 was primarily due to the following: (i) 0.4% of higher restaurant occupancy costs as a result of a sale-leaseback transaction, (ii) 0.4% in higher advertising expense and (iii) 0.2% in higher restaurant pre-opening and repair and maintenance costs. The increases were offset by decreases as a percentage of restaurant sales primarily from 0.3% from higher average unit volumes at the majority of our restaurants and 0.2% from certain cost savings initiatives.

General and administrative

	THREE MONTHS ENDED		Change
	MARCH 31,		
(in millions):	2013	2012	
General and administrative	\$ 72.5	\$ 76.0	\$ (3.5)

General and administrative costs decreased in the three months ended March 31, 2013 as compared to the same period in 2012 primarily due to the following: (i) \$6.7 million of lower legal and other professional fees resulting from amendment and restatement of a lease between OSI and PRP in the first quarter of 2012, (ii) \$2.3 million of lower management fees due to the termination of the management agreement in connection with our initial public offering, (iii) \$2.2 million of net gain on the termination of split-dollar life insurance policies and (iv) \$1.9 million of decreased general and administrative costs associated with field support, managers-in-training and field compensation and bonus expense. These decreases were partially offset by the following: (i) \$3.9 million of increased expenses due to the timing of our annual managing partner conference, (ii) \$3.7 million of higher stock-based compensation and (iii) \$1.6 million net decrease in gains associated with the cash surrender value of life insurance investments.

Provision for impaired assets and restaurant closings

	THREE MONTHS ENDED		Change
	MARCH 31,		
(in millions):	2013	2012	
Provision for impaired assets and restaurant closings	\$ 1.9	\$ 4.4	\$ (2.5)

Restaurant impairment charges primarily resulted from the carrying value of a restaurant's assets exceeding its estimated fair market value, mainly due to declining future cash flows from lower projected sales at existing locations and locations identified for relocation or renovation (see "—Liquidity and Capital Resources—Fair Value Measurements" for additional information).

BLOOMIN' BRANDS, INC.**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS***Income from operations*

	THREE MONTHS ENDED		
	MARCH 31,		
(dollars in millions):	2013	2012	Change
Income from operations	\$ 96.9	\$ 90.4	
% of Total revenues	8.9%	8.6%	0.3%

During the three months ended March 31, 2013, income from operations increased as a percentage of total revenues as compared to the same period in 2012 primarily attributable to lower General and administrative expenses and charges for asset impairment and restaurant closings.

Loss on extinguishment of debt

During the first quarter of 2012, we recorded a \$2.9 million loss related to the extinguishment of the CMBS Loan in connection with New PRP entering into the 2012 CMBS Loan. See “—Liquidity and Capital Resources—Credit Facilities and Other Indebtedness” for a further description.

Provision for income taxes

	THREE MONTHS ENDED		
	MARCH 31,		
	2013	2012	Change
Effective income tax rate	14.1%	19.2%	(5.1)%

The net decrease in the effective income tax rate in the three months ended March 31, 2013 as compared to the same period in the prior year was primarily due to a decrease in the projected foreign pretax book income and the foreign provision being a smaller percentage of projected consolidated pretax annual income.

The effective income tax rate for the three months ended March 31, 2013 was lower than the blended federal and state statutory rate of 38.6% primarily due to the benefit of the tax credit for excess FICA tax on employee-reported tips, the foreign rate differential, a decrease in the valuation allowance and the elimination of noncontrolling interest together being such a large percentage of projected annual pretax income. The effective income tax rate for the three months ended March 31, 2012 was lower than the blended federal and state statutory rate of 38.7% due to the benefit of the tax credit for excess FICA tax on employee-reported tips and the elimination of noncontrolling interest together being such a large percentage of pretax income. This was partially offset by an increase in the valuation allowance.

BLOOMIN' BRANDS, INC.**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS****Non-GAAP Financial Measures**

In addition to the results provided in accordance with U.S. GAAP, we provide non-GAAP measures which present operating results on an adjusted or pro forma basis. These are supplemental measures of performance that are not required by or presented in accordance with U.S. GAAP and include system-wide sales, Adjusted income from operations, Adjusted net income attributable to Bloomin' Brands, Inc., Adjusted diluted earnings per share and Adjusted diluted earnings per pro forma share. These non-GAAP measures are not measurements of our operating or financial performance under U.S. GAAP and should not be considered as an alternative to performance measures derived in accordance with U.S. GAAP. These non-GAAP measures may not be comparable to similarly titled measures used by other companies and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with U.S. GAAP.

System-Wide Sales

System-wide sales is a non-GAAP financial measure that includes sales of all restaurants operating under our brand names, whether we own them or not. System-wide sales is comprised of sales of Company-owned restaurants and sales of franchised and unconsolidated joint venture restaurants. The table below presents the first component of system-wide sales, which is sales of Company-owned restaurants:

	THREE MONTHS ENDED	
	MARCH 31,	
	2013	2012
COMPANY-OWNED RESTAURANT SALES (in millions):		
Outback Steakhouse		
Domestic (1)	\$ 572	\$ 561
International (1)	88	82
Total	660	643
Carrabba's Italian Grill	187	187
Bonefish Grill	143	127
Fleming's Prime Steakhouse and Wine Bar	71	67
Other	21	21
Total Company-owned restaurant sales	\$ 1,082	\$ 1,045

(1) Company-owned restaurant sales for one location in Puerto Rico that were previously included in Outback Steakhouse (international) are now included in Outback Steakhouse (domestic). The prior period has been revised to conform to the current period presentation.

The following information presents the second component of system-wide sales, which is sales of franchised and unconsolidated joint venture restaurants. These are restaurants that are not consolidated and from which we only receive a franchise royalty or a portion of their total income. Management believes that franchise and unconsolidated joint venture sales information is useful in analyzing our revenues because franchisees and affiliates pay royalties and/or service fees that generally are based on a percentage of sales. Management also uses this information to make decisions about future plans for the development of additional restaurants and new concepts as well as evaluation of current operations.

The following do not represent our sales and are presented only as an indicator of changes in the restaurant system, which management believes is important information regarding the health of our restaurant concepts.

BLOOMIN' BRANDS, INC.**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

	THREE MONTHS ENDED	
	MARCH 31,	
	2013	2012
FRANCHISE AND UNCONSOLIDATED JOINT VENTURE SALES (in millions) (1):		
Outback Steakhouse		
Domestic	\$ 83	\$ 82
International	94	87
Total	177	169
Carrabba's Italian Grill	1	1
Bonefish Grill	5	5
Total franchise and unconsolidated joint venture sales (1)	\$ 183	\$ 175
Income from franchise and unconsolidated joint ventures (2)	\$ 11	\$ 11

(1) Franchise and unconsolidated joint venture sales are not included in revenues in the Consolidated Statements of Operations and Comprehensive Income.

(2) Represents the franchise royalty and the portion of total income related to restaurant operations included in the Consolidated Statements of Operations and Comprehensive Income in Other revenues and Income from operations of unconsolidated affiliates, respectively.

Other Financial Measures

Adjusted income from operations, Adjusted net income attributable to Bloomin' Brands, Inc., Adjusted diluted earnings per share and Adjusted diluted earnings per pro forma share are non-GAAP measures calculated by eliminating from income from operations, net income and diluted earnings per share the impact of items we do not consider indicative of our ongoing operations. We provide these adjusted operating results because we believe they are useful for investors to assess the operating performance of our business without the effect of these adjustments. For the periods presented, the non-GAAP adjustments include transaction-related expenses primarily attributable to the refinancing of our long-term debt, management fees paid to the management company associated with our Sponsors and Founders, losses incurred on the extinguishment of long-term debt and the tax effect of these items. In addition, Adjusted diluted earnings per pro forma share gives effect to the issuance of shares in our initial public offering as if they were all outstanding on January 1, 2012.

The use of these measures permits a comparative assessment of our operating performance relative to our performance based on U.S. GAAP results, while isolating the effects of certain items that vary from period to period without correlation to core operating performance or that vary widely among similar companies. However, our inclusion of these adjusted measures should not be construed as an indication that our future results will be unaffected by unusual or infrequent items or that the items for which we have made adjustments are unusual or infrequent. In the future, we may incur expenses or generate income similar to the adjusted items. We further believe that the disclosure of these non-GAAP measures is useful to investors as they form the basis for how our management team and Board of Directors evaluate our performance including for achievement of objectives under our cash and equity compensation plans. By disclosing these non-GAAP measures, we believe that we create for investors a greater understanding of, and an enhanced level of transparency into, the means by which our management team operates our business.

BLOOMIN' BRANDS, INC.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following table reconciles Adjusted income from operations, Adjusted net income attributable to Bloomin' Brands, Inc., Adjusted diluted earnings per share and Adjusted diluted earnings per pro forma share, for the three months ended March 31, 2013 and 2012 to their respective most comparable U.S. GAAP measures (in thousands, except per share amounts):

	THREE MONTHS ENDED MARCH 31,	
	2013	2012
Income from operations	\$ 96,860	\$ 90,408
Transaction-related expenses (1)	—	6,761
Management fees and expenses (2)	—	2,326
Adjusted income from operations	<u>\$ 96,860</u>	<u>\$ 99,495</u>
Net income attributable to Bloomin' Brands, Inc.	\$ 63,223	\$ 49,999
Transaction-related expenses (1)	—	6,761
Management fees and expenses (2)	—	2,326
Loss on extinguishment of debt (3)	—	2,851
Total adjustments, before income taxes	—	11,938
Income tax effect of adjustments (4)	—	(2,291)
Net adjustments	—	9,647
Adjusted net income attributable to Bloomin' Brands, Inc.	<u>\$ 63,223</u>	<u>\$ 59,646</u>
Diluted earnings per share	<u>\$ 0.50</u>	<u>\$ 0.47</u>
Adjusted diluted earnings per share	<u>\$ 0.50</u>	<u>\$ 0.56</u>
Adjusted diluted earnings per pro forma share	<u>\$ 0.50</u>	<u>\$ 0.49</u>
Diluted weighted average common shares outstanding	126,507	107,058
Pro forma IPO adjustment (5)	—	14,197
Pro forma diluted weighted average common shares outstanding (5)	<u>126,507</u>	<u>121,255</u>

- (1) Transaction-related expenses primarily relate to costs incurred in association with the refinancing of the 2012 CMBS Loan.
- (2) Represents management fees, out-of-pocket expenses and certain other reimbursable expenses paid to a management company owned by our Sponsors and Founders under a management agreement with us. In accordance with the terms of an amendment, this agreement terminated immediately prior to the completion of our initial public offering in August 2012.
- (3) Loss on extinguishment of debt is related to the extinguishment of the CMBS Loan in connection with New PRP entering into the 2012 CMBS Loan.
- (4) Income tax effect of adjustments for the three months ended March 31, 2012 was calculated using our projected full-year effective tax rate of 19.2%.
- (5) Gives pro forma effect to the issuance of shares in the initial public offering as if they were all outstanding on January 1, 2012. There is no effect of this adjustment to the three months ended March 31, 2013.

BLOOMIN' BRANDS, INC.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Liquidity and Capital Resources

We believe that expected cash flow from operations, available borrowing capacity and restricted cash balances are adequate to finance our growth strategies and to fund debt service requirements, operating lease obligations, capital expenditures, working capital obligations and other significant commitments for the next twelve months. However, our ability to continue to meet these requirements and obligations will depend on, among other things, our ability to achieve anticipated levels of revenue and cash flow and our ability to manage costs and working capital successfully.

As of March 31, 2013, we had approximately \$187.4 million in available unused borrowing capacity under OSI's senior secured revolving credit facility (after giving effect to undrawn letters of credit of approximately \$37.6 million) (see "—Credit Facilities and Other Indebtedness").

TRANSACTIONS

In connection with the settlement of litigation with T-Bird Nevada, LLC and its affiliates (collectively, "T-Bird"), which include the franchisees of 56 Outback Steakhouse restaurants in California, T-Bird has a right (referred to as the "Put Right"), which would require us to purchase for cash all of the ownership interests in the T-Bird entities that own Outback Steakhouse restaurants and certain rights under the development agreement with T-Bird. The Put Right is non-transferable, other than under limited circumstances set forth in the settlement agreement. The Put Right is exercisable by T-Bird until August 13, 2013. If the Put Right is exercised, we will pay a purchase price equal to a multiple of the T-Bird entities' adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) for the trailing 12 months, net of liabilities of the T-Bird entities. The multiple is equal to 75% of the multiple of our adjusted EBITDA reflected in our stock price. We have a one-time right to reject the exercise of the Put Right if the transaction would be dilutive to our consolidated earnings per share. In such event, the Put Right is extended until the first anniversary of our notice to the T-Bird entities of such rejection. If exercised, the closing of the Put Right will be the last business day of the third full calendar month immediately following the month in which notification of the exercise of the Put Right (the "Put Notice") is given. If the weighted average closing price of our common stock during the month immediately prior to the month the closing date is to occur is more than 20% less than the closing price on the date the Put Notice is delivered, the T-Bird entities will have a one-time right to delay the closing for two months. If the closing date is delayed, the T-Bird entities multiple will be calculated based on the weighted average closing price of our common stock during the calendar month immediately prior to the month of the newly scheduled closing date. The closing of the Put Right is subject to certain conditions, including the negotiation of a transaction agreement reasonably acceptable to the parties, the absence of dissenters' rights being exercised by the equity owners above a specified level, non-revocation by the T-Bird entities of the exercise of the Put Right and compliance with our debt agreements.

On April 10, 2013, OSI completed a repricing of its senior secured term loan B facility pursuant to the Amended Credit Agreement. The Amended Credit Agreement replaces OSI's existing senior secured term loan B facility with the New Term Loan B. The New Term Loan B has the same principal amount outstanding (as of the repricing date) of \$975.0 million, maturity date of October 26, 2019, amortization schedule and financial covenants but a lower applicable interest rate than the existing senior secured term loan B facility. The Amended Credit Agreement decreased the interest rate applicable to the New Term Loan B to 150 basis points over the Base Rate or 250 basis points over the Eurocurrency Rate as defined in the Credit Agreement and reduced the interest rate floors applicable to the New Term Loan B to 2.00% for the Base Rate and 1.00% for the Eurocurrency Rate (see "—Credit Facilities and Other Indebtedness").

BLOOMIN' BRANDS, INC.**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS****SUMMARY OF CASH FLOWS**

We require capital primarily for principal and interest payments on our debt, prepayment requirements under our term loan B facility (see “—Credit Facilities and Other Indebtedness”), obligations related to our deferred compensation plans, the development of new restaurants, remodeling or relocating older restaurants, investments in technology and acquisitions of the interests of our franchisees and joint venture partners.

The following table presents a summary of our cash flows provided by (used in) operating, investing and financing activities for the periods indicated (in thousands):

	THREE MONTHS ENDED MARCH	
	31,	
	2013	2012
Net cash provided by operating activities	\$ 18,100	\$ 2,096
Net cash (used in) provided by investing activities	(38,394)	155,820
Net cash used in financing activities	(21,226)	(306,404)
Effect of exchange rate changes on cash and cash equivalents	(2,701)	1,463
Net decrease in cash and cash equivalents	\$ (44,221)	\$ (147,025)

Operating activities

Net cash provided by operating activities increased in the three months ended March 31, 2013 as compared to the same period in 2012 primarily as a result of the following: (i) timing of accounts payable and certain accrual payments, (ii) utilization of inventory on hand and (iii) a decrease in cash paid for income taxes. The increase in net cash provided by operating activities was partially offset by the following: (i) a decrease in cash due to timing of collections of holiday gift card sales from third-party vendors, (ii) an increase in cash paid for interest on our outstanding debt obligations and (iii) \$2.2 million of cash paid to terminate certain split-dollar life insurance policies.

Investing activities

Net cash used in investing activities during the three months ended March 31, 2013 consisted primarily of capital expenditures of \$41.0 million partially offset by proceeds from the disposal of property, fixtures and equipment of \$1.8 million and the \$1.1 million net difference in restricted cash. Net cash provided by investing activities during the three months ended March 31, 2012 consisted primarily of proceeds from a sale-leaseback transaction of \$192.9 million partially offset by capital expenditures of \$34.0 million and the \$4.3 million net difference between restricted cash received and restricted cash used.

We estimate that our capital expenditures will total between approximately \$220.0 million and \$250.0 million in 2013. The amount of actual capital expenditures may be affected by general economic, financial, competitive, legislative and regulatory factors, among other things. We expect to continue to review the level of capital expenditures throughout the remainder of 2013.

Financing activities

Net cash used in financing activities during the three months ended March 31, 2013 was primarily attributable to the following: (i) repayments of long-term debt of \$30.6 million, (ii) repayments of partner deposits and accrued partner obligations of \$4.2 million and (iii) distributions to noncontrolling interests of \$2.4 million. This was partially offset by the receipt of proceeds from the exercise of stock options of \$10.6 million and repayments of notes receivable due from stockholders of \$5.3 million. Net cash used in financing activities during the three months ended March 31, 2012 was primarily attributable to the following: (i) extinguishment of PRP's CMBS Loan of \$777.6 million, (ii) repayments of partner deposits and accrued partner obligations of \$9.2 million, (iii) repayments of long-term debt of

BLOOMIN' BRANDS, INC.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

\$6.6 million, (iv) deferral of \$5.4 million of financing fees associated with the refinancing of PRP's CMBS Loan and (v) distributions to noncontrolling interests of \$4.2 million. This was partially offset by the proceeds received from the 2012 CMBS Loan of \$495.2 million.

FINANCIAL CONDITION

Current assets decreased to \$427.7 million at March 31, 2013 as compared with \$487.8 million at December 31, 2012. This decrease was primarily due to a \$44.2 million decrease in Cash and cash equivalents (see "—Summary of Cash Flows") and a \$10.3 million decrease in Inventories primarily due to the utilization of inventory on hand and timing of deliveries at the end of the period. Current liabilities decreased to \$574.6 million at March 31, 2013 as compared with \$691.4 million at December 31, 2012 primarily due to the following: (i) a \$97.4 million decrease in Unearned revenue as a result of the seasonal pattern of gift card and promotional sales and redemptions, (ii) a \$9.8 million decrease in the Current portion of long-term debt mainly due to the voluntary prepayments on the term loan B made in the first quarter of 2013 extending future principal payments in excess of 12 months, and (iii) a \$18.6 million decrease in Accrued and other current liabilities primarily from a decrease in accrued payroll and other compensation for 2012 related compensation paid in March 2013. These decreases were partially offset by an increase of \$9.2 million in Accounts payable due to the timing of payments.

Working capital (deficit) totaled (\$146.8) million and (\$203.6) million at March 31, 2013 and December 31, 2012, respectively, and included Unearned revenue from unredeemed gift cards of \$232.1 million and \$329.5 million at March 31, 2013 and December 31, 2012, respectively. We have, and in the future may continue to have, negative working capital balances (as is common for many restaurant companies). We operate successfully with negative working capital because cash collected on restaurant sales is typically received before payment is due on our current liabilities and our inventory turnover rates require relatively low investment in inventories. Additionally, ongoing cash flows from restaurant operations and gift card sales are used to service debt obligations and for capital expenditures.

CREDIT FACILITIES AND OTHER INDEBTEDNESS

We are a holding company and conduct our operations through our subsidiaries, certain of which have incurred their own indebtedness as described below.

On October 26, 2012, OSI entered the Credit Agreement with a syndicate of institutional lenders and financial institutions. The Credit Facilities provide for senior secured financing of up to \$1.225 billion, consisting of a \$1.0 billion term loan B and a \$225.0 million revolving credit facility, including letter of credit and swing-line loan sub-facilities. The term loan B was issued with an original issue discount of \$10.0 million.

The senior secured term loan B matures October 26, 2019. The borrowings under this facility bear interest at rates ranging from 225 to 250 basis points over the Base Rate or 325 to 350 basis points over the Eurocurrency Rate as defined in the Credit Agreement. The Base Rate option is the highest of (i) the prime rate of Deutsche Bank Trust Company Americas, (ii) the federal funds effective rate plus 0.5 of 1.0% or (iii) the Eurocurrency Rate with a one-month interest period plus 1.0% ("Base Rate") (3.25% at March 31, 2013 and December 31, 2012). The Eurocurrency Rate option is the 30, 60, 90 or 180-day Eurocurrency Rate ("Eurocurrency Rate") (ranging from 0.20% to 0.44% and 0.21% to 0.51% at March 31, 2013 and December 31, 2012, respectively). The Eurocurrency Rate may have a nine- or twelve-month interest period if agreed upon by the applicable lenders. With respect to the senior secured term loan B, the Base Rate is subject to an interest rate floor of 2.25%, and the Eurocurrency Rate is subject to an interest rate floor of 1.25%.

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OSI is required to prepay outstanding term loans, subject to certain exceptions, with:

- 50% of its “annual excess cash flow” (with step-downs to 25% and 0% based upon its consolidated first lien net leverage ratio), as defined in the Credit Agreement, beginning with the fiscal year ending December 31, 2013 and subject to certain exceptions;
- 100% of the net proceeds of certain assets sales and insurance and condemnation events, subject to reinvestment rights and certain other exceptions; and
- 100% of the net proceeds of any debt incurred, excluding permitted debt issuances.

The Credit Facilities require scheduled quarterly payments on the term loan B equal to 0.25% of the original principal amount of the term loans for the first six years and three quarters commencing with the quarter ending March 31, 2013. These payments are reduced by the application of any prepayments, and any remaining balance will be paid at maturity. The outstanding balance, excluding the debt discount, on the term loan B was \$975.0 million and \$1.0 billion at March 31, 2013 and December 31, 2012, respectively. At March 31, 2013, none of the outstanding balance on the term loan B was classified as current due to voluntary prepayments of \$25.0 million made by OSI during the first quarter of 2013 and the results of its projected covenant calculations, which indicate the additional term loan prepayments, as described above, will not be required. The amount of outstanding term loans required to be prepaid in accordance with OSI's debt covenants may vary based on year-end results. At December 31, 2012, \$10.0 million of the outstanding balance on the term loan B was classified as current due to OSI's required quarterly payments.

The revolving credit facility matures October 26, 2017 and provides for swing-line loans and letters of credit of up to \$225.0 million for working capital and general corporate purposes. The revolving credit facility bears interest at rates ranging from 200 to 250 basis points over the Base Rate or 300 to 350 basis points over the Eurocurrency Rate. There were no loans outstanding under the revolving credit facility at March 31, 2013 or December 31, 2012, however, \$37.6 million and \$41.2 million, respectively, of the credit facility was committed for the issuance of letters of credit and not available for borrowing. Total outstanding letters of credit issued under OSI's revolving credit facility may not exceed \$100.0 million.

At March 31, 2013 and December 31, 2012, OSI was in compliance with its debt covenants. See the 2012 Form 10-K for further information about OSI's debt covenant requirements.

On April 10, 2013, OSI completed a repricing of its senior secured term loan B facility pursuant to the First Amendment to Credit Agreement, Guaranty and Security Agreement, among OSI, OSI HoldCo, Inc., the subsidiary guarantors named therein, Deutsche Bank Trust Company Americas, as administrative agent and collateral agent, and a syndicate of institutional lenders and financial institutions.

The Amended Credit Agreement replaces OSI's existing senior secured term loan B facility with the New Term Loan B. The New Term Loan B has the same principal amount outstanding (as of the repricing date) of \$975.0 million, maturity date of October 26, 2019, amortization schedule and financial covenants but a lower applicable interest rate than the existing senior secured term loan B facility. Voluntary prepayments made on the principal amount outstanding since the inception of the Credit Agreement will continue to be treated as prepayments for purposes of determining amortization payment and mandatory prepayment requirements under the New Term Loan B.

The Amended Credit Agreement decreased the interest rate applicable to the New Term Loan B to 150 basis points over the Base Rate or 250 basis points over the Eurocurrency Rate and reduced the interest rate floors applicable to the New Term Loan B to 2.00% for the Base Rate and 1.00% for the Eurocurrency Rate. Prepayments or amendments of the New Term Loan B that constitute a “repricing transaction” (as defined in the Amended Credit Agreement) will be subject to a premium of 1.00% of the New Term Loan B if prepaid or amended on or prior to October 10, 2013. Prepayments and repricings made after October 10, 2013 will not be subject to premium or penalty.

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Pursuant to the terms of the Credit Agreement, we were required to pay a prepayment penalty of approximately \$10.0 million at closing in connection with the repricing transaction. Additional professional fees will also be recorded in the second quarter of 2013 as well as an adjustment of the deferred financing fees and unamortized debt discount based on completion of our analysis of debt extinguishment or modification treatment for the repricing. We anticipate the costs incurred in connection with the repricing, including the prepayment penalty, will range from \$14.0 million to \$17.0 million. As a result of the repricing, we expect to reduce annual cash interest expense by approximately \$12.0 million (approximately \$9.0 million in 2013), assuming a constant principal balance and interest rate environment.

Effective March 27, 2012, New PRP entered into the 2012 CMBS Loan with German American Capital Corporation and Bank of America, N.A. The 2012 CMBS Loan totaled \$500.0 million at origination and was comprised of a first mortgage loan in the amount of \$324.8 million, collateralized by 261 of our properties, and two mezzanine loans totaling \$175.2 million. The loans have a maturity date of April 10, 2017. The first mortgage loan has five fixed rate components and a floating rate component. The fixed rate components bear interest at rates ranging from 2.37% to 6.81% per annum. The floating rate component bears interest at a rate per annum equal to the 30-day LIBOR (with a floor of 1%) plus 2.37%. The first mezzanine loan bears interest at a rate of 9.0% per annum, and the second mezzanine loan bears interest at a rate of 11.25% per annum.

The proceeds from the 2012 CMBS Loan, together with the proceeds from a sale-leaseback transaction and excess cash held in PRP, were used to repay PRP's existing CMBS Loan. During the first quarter of 2012, we recorded a \$2.9 million loss related to the extinguishment in Loss on extinguishment of debt in our Consolidated Statement of Operations and Comprehensive Income.

At March 31, 2013 and December 31, 2012, the outstanding balance, excluding the debt discount, on the 2012 CMBS Loan was \$491.5 million and \$493.9 million, respectively.

GOODWILL AND INDEFINITE-LIVED INTANGIBLE ASSETS

During the second quarter of 2012, we performed our annual assessment for impairment of goodwill and other indefinite-lived intangible assets. Our review of the recoverability of goodwill was based primarily upon an analysis of the discounted cash flows of the related reporting units as compared to the carrying values. We also used the relief from royalty method to determine the fair value of our indefinite-lived intangible assets. We did not record any goodwill or indefinite-lived intangible asset impairment charges as a result of this assessment and determined that none of our reporting units are at risk for material goodwill impairment.

FAIR VALUE MEASUREMENTS

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date (exit price) and is a market-based measurement, not an entity-specific measurement. To measure fair value, we incorporate assumptions that market participants would use in pricing the asset or liability, and utilize market data to the maximum extent possible. Measurement of fair value incorporates nonperformance risk (i.e., the risk that an obligation will not be fulfilled). In measuring fair value, we reflect the impact of our own credit risk on our liabilities, as well as any collateral. We also consider the credit standing of our counterparties in measuring the fair value of our assets.

In connection with the 2012 CMBS Loan, we entered into an interest rate cap with a notional amount of \$48.7 million as a method to limit the volatility of the floating rate component of the first mortgage loan. This interest rate cap had a nominal fair market value at March 31, 2013 and December 31, 2012.

We recorded \$1.1 million and \$3.9 million of impairment charges during the three months ended March 31, 2013 and 2012, respectively, as a result of fair value measurement on a nonrecurring basis primarily related to certain specifically identified restaurant locations that have, or are scheduled to be, relocated or closed or are under-performing. The

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impaired long-lived assets had \$4.4 million and \$0.9 million of remaining fair value at March 31, 2013 and 2012, respectively. Restaurant closure and related expenses of \$0.8 million and \$0.5 million were recognized for the three months ended March 31, 2013 and 2012, respectively. Impairment losses for long-lived assets held and used and restaurant closure and related expenses were recognized in Provision for impaired assets and restaurant closings in our Consolidated Statements of Operations and Comprehensive Income.

We primarily used third-party market appraisals (Level 2) and discounted cash flow models (Level 3) to estimate the fair value of the long-lived assets. Discount rate and growth rate assumptions are derived from current economic conditions, expectations of management and projected trends of current operating results.

The following table presents quantitative information related to the range of unobservable inputs used in our Level 3 fair value measurements for the impairment losses incurred in the three months ended March 31, 2013 and 2012:

UNOBSERVABLE INPUT	THREE MONTHS ENDED MARCH 31,	
	2013	2012
Weighted-average cost of capital	9.5%	11.2%
Long-term growth rates	2.0%	3.0%
Annual revenue growth rates (1)	2.4% - 3.0%	(8.7)% - 3.0%

(1) Weighted average of the annual revenue growth rates unobservable input range for the three months ended March 31, 2013 and 2012 were 2.6% and 2.4%, respectively.

Sales declines at our restaurants, unplanned increases in health insurance, commodity or labor costs, deterioration in overall economic conditions and challenges in the restaurant industry may result in future impairment charges. It is possible that changes in circumstances or changes in our judgments, assumptions and estimates, could result in a future impairment charge of a portion or all of our goodwill, other intangible assets or long-lived assets held and used.

DEFERRED COMPENSATION PLANS*Managing and Chef Partners*

Historically, the managing partner of each Company-owned domestic restaurant and the chef partner of each Fleming's Prime Steakhouse and Wine Bar and Roy's restaurant were required, as a condition of employment, to sign a five-year employment agreement and to purchase a non-transferable ownership interest in a partnership ("Management Partnership") that provided management and supervisory services to his or her restaurant. The purchase price for a managing partner's ownership interest was fixed at \$25,000, and the purchase price for a chef partner's ownership interest ranged from \$10,000 to \$15,000. Managing and chef partners had the right to receive monthly distributions from the Management Partnership based on a percentage of their restaurant's monthly cash flows for the duration of the agreement, which varied by concept from 6% to 10% for managing partners and 2% to 5% for chef partners. Further, managing and chef partners were eligible to participate in the PEP, a deferred compensation program, upon completion of their five-year employment agreement. Amounts credited to partners' PEP accounts are fully vested at all times and participants have no discretion with respect to the form of benefit payments under the PEP.

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In April 2011, we modified our managing and chef partner compensation structure to provide greater incentives for sales and profit growth. Under the revised program, managing and chef partners continue to sign five-year employment agreements and receive monthly distributions of the same percentage of their restaurant's cash flow as under the prior program. However, under the revised program, in lieu of participation in the PEP, managing partners and chef partners are eligible to receive deferred compensation payments under a new POA. The POA places greater emphasis on year-over-year growth in cash flow than the PEP. Managing and chef partners receive a greater value under the POA than they would have received under the PEP if certain levels of year-over-year cash flow growth are achieved and a lesser value than under the PEP if these levels are not achieved. As of March 31, 2013 and December 31, 2012, our POA liability was \$16.8 million and \$15.3 million, respectively, which primarily was recorded in Partner deposits and accrued partner obligations in our Consolidated Balance Sheets.

In June 2007, certain stock options that had been granted to managing and chef partners under a previously existing managing partner stock plan upon completion of a previous employment contract were converted into the right to receive cash in the form of a "Supplemental PEP" contribution.

As of March 31, 2013, our total vested liability with respect to obligations primarily under the PEP and Supplemental PEP was approximately \$127.6 million, of which \$18.6 million and \$109.0 million was included in Accrued and other current liabilities and Other long-term liabilities, net, respectively, in our Consolidated Balance Sheet. As of December 31, 2012, our total vested liability with respect to obligations primarily under the PEP and Supplemental PEP was approximately \$122.6 million, of which \$17.8 million and \$104.8 million was included in Accrued and other current liabilities and Other long-term liabilities, net, respectively, in our Consolidated Balance Sheet. Partners allocate the contributions into benchmark investment funds, and these amounts due to participants will fluctuate according to the performance of their allocated investments and may differ materially from the initial contribution and current obligation.

As of March 31, 2013 and December 31, 2012, we had approximately \$69.2 million and \$67.8 million, respectively, in various corporate owned life insurance policies held within an irrevocable grantor or "rabbi" trust account for settlement of our obligations primarily under the PEP, Supplemental PEP and POA. We are the sole owner of any assets within the rabbi trust and participants are considered our general creditors with respect to assets within the rabbi trust.

As of March 31, 2013 and December 31, 2012, there were \$73.8 million and \$65.1 million, respectively, of unfunded obligations primarily related to the PEP, Supplemental PEP and POA, excluding amounts not yet contributed to the partners' investment funds, which may require the use of cash resources in the future.

We require the use of capital to fund the PEP and the POA as each managing and chef partner earns a contribution, and currently estimate funding requirements ranging from \$17.0 million to \$19.0 million for PEP and from \$6.0 million to \$8.0 million for POA in each of the next two years through March 31, 2015. Actual funding of the current PEP and POA obligations and future funding requirements may vary significantly depending on timing of partner contracts, forfeiture rates and numbers of partner participants and may differ materially from estimates.

Area Operating Partners

Historically, an area operating partner was required, as a condition of employment and within 30 days of the opening of his or her first restaurant, to make an initial investment of \$50,000 in the Management Partnership that provides supervisory services to the restaurants that the area operating partner oversees. This interest gave the area operating partner the right to distributions from the Management Partnership based on a percentage of his or her restaurants' monthly cash flows for the duration of the agreement, typically ranging from 4.0% to 9.0%. We have the option to

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purchase an area operating partner's interest in the Management Partnership after the restaurant has been open for a five-year period on the terms specified in the agreement.

For restaurants opened on or between January 1, 2007 and December 31, 2011, the area operating partner's percentage of cash distributions and buyout percentage is calculated based on the associated restaurant's return on investment compared to our targeted return on investment and ranges from 3.0% to 12.0% depending on the concept. This percentage is determined after the first five full calendar quarters from the date of the associated restaurant's opening and is adjusted each quarter thereafter based on a trailing 12-month restaurant return on investment. The buyout percentage is the area operating partner's average distribution percentage for the 24 months immediately preceding the buyout. Buyouts are paid in cash within 90 days or paid over a two-year period.

In April 2012, we revised our area operating partner program for restaurants opened on or after January 1, 2012. For these restaurants, an area operating partner is required, as a condition of employment, to make a deposit of \$10,000 within thirty days of the opening of each new restaurant that he or she oversees, up to a maximum deposit of \$50,000 (taking into account investments under prior programs). This deposit gives the area operating partner the right to monthly payments based on a percentage of his or her restaurants' monthly cash flows for the time period that the area operating partner oversees the restaurant, typically ranging from 4.0% to 4.5%. After the restaurant has been open for a five-year period, the area operating partner will receive a bonus equal to a multiple of the area operating partner's average monthly payments for the 24 months immediately preceding the bonus date. The bonus will be paid within 90 days or over a two-year period, depending on the bonus amount.

INCOME TAXES

Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in the tax rate is recognized in income in the period that includes the enactment date of the rate change. We recorded a valuation allowance to reduce our deferred income tax assets to the amount that is more likely than not to be realized. We have considered future taxable income and ongoing feasible tax planning strategies in assessing the need for the valuation allowance.

Should we determine that we would be able to realize our remaining deferred income tax assets in the foreseeable future, a release of all, or part, of the related valuation allowance could cause an immediate material increase to income in the period such determination is made. Significant management judgment is required in determining the period in which the reversal of a valuation allowance should occur. We consider all available evidence, both positive and negative, such as historical levels of income and future forecasts of taxable income among other items in determining whether a full or partial release of a valuation allowance is required. In addition, our assessments sometimes require us to schedule future taxable income in accordance with the applicable tax accounting guidance to assess the appropriateness of a valuation allowance which further requires the exercise of significant management judgment.

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At December 31, 2012, we had a valuation allowance against deferred income tax assets recorded of \$72.5 million, of which \$67.7 million was for U.S. deferred income tax assets. We have reviewed and will continue to review our conclusions about the appropriate amount of our deferred income tax asset valuation allowance in light of circumstances existing in future periods. To the extent we continue to generate pretax income in the U.S. in fiscal 2013 at a sufficient level, then, absent other factors indicating a contrary conclusion, we will consider a potential reversal of the U.S. related valuation allowance within the next nine to 12 months. Should we reverse the valuation allowance, a discrete tax benefit ranging from \$40.0 million to \$50.0 million related to the valuation allowance recorded at December 31, 2012 could be realized. Any release of valuation allowance will be recorded as a tax benefit increasing net income or as an adjustment to paid-in capital. Such reversal will impact our quarterly and annual effective income tax rates and could result in an overall income tax benefit in the period of release. We expect to continue to generate significant U.S. income tax credits, which combined with the mix of U.S. and foreign earnings in periods subsequent to the reversal will result in an effective income tax rate that is lower than the blended federal and state statutory rate.

As of March 31, 2013 and December 31, 2012, we had \$217.5 million and \$261.7 million, respectively, in cash and cash equivalents (excluding restricted cash of \$19.0 million and \$20.1 million, respectively), of which approximately \$92.7 million and \$92.9 million, respectively, was held by foreign affiliates, a portion of which would be subject to additional taxes if repatriated to the United States. Based on cash and working capital projections within domestic tax jurisdictions, we believe we will generate sufficient cash flows from our United States operations to meet our future debt repayment requirements, anticipated working capital needs and planned capital expenditures, as well as all of our other business needs in the United States.

A provision for income taxes has not been recorded for any United States or additional foreign taxes on undistributed earnings related to our foreign affiliates as these earnings were and are expected to continue to be permanently reinvested. If we identify an exception to our general reinvestment policy of undistributed earnings, additional taxes will be recorded. It is not practical to determine the amount of unrecognized deferred income tax liabilities on the undistributed earnings. The international jurisdictions in which we operate do not have any known restrictions that would prohibit the repatriation of cash and cash equivalents.

We are currently under examination by the IRS for the years ended December 31, 2009 through 2011. At this time, we do not believe that the outcome of any examination will have a material impact on our results of operations or financial position.

DIVIDENDS

We did not declare or pay any dividends on our common stock during 2012 or the first quarter of 2013. Our Board of Directors does not intend to pay regular dividends on our common stock. However, we expect to reevaluate our dividend policy on a regular basis and may, subject to compliance with the covenants contained in the Credit Facilities and other considerations, determine to pay dividends in the future.

Our ability to pay dividends is dependent on our ability to obtain funds from our subsidiaries. Payment of dividends by OSI to Bloomin' Brands is restricted under the Credit Facilities to dividends for the purpose of paying Bloomin' Brands' franchise and income taxes and ordinary course operating expenses; dividends for certain other limited purposes; and other dividends subject to an aggregate cap over the term of the agreement.

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Recently Issued Financial Accounting Standards

In March 2013, the FASB issued ASU No. 2013-05, "Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity (a consensus of the FASB Emerging Issues Task Force)" ("ASU No. 2013-05"). Under ASU No. 2013-05, an entity would recognize cumulative translation adjustments in earnings when it ceases to have a controlling financial interest in a subsidiary or group of assets within a consolidated foreign entity and the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets resided. However, when an entity sells either a part or all of its investment in a consolidated foreign entity, an entity would recognize cumulative translation adjustments in earnings only if the parent no longer has a controlling financial interest in the foreign entity as a result of the sale. In the case of sales of an equity method investment that is a foreign entity, a pro rata portion of cumulative translation adjustments attributable to the equity method investment would be recognized in earnings upon sale of the equity method investment. In addition, cumulative translation adjustments would be recognized in earnings upon a business combination achieved in stages such as a step acquisition. ASU No. 2013-05 is effective for public companies for fiscal years beginning on or after December 15, 2013 and interim periods within those fiscal years, with early adoption permitted. We will adopt ASU No. 2013-05 effective January 1, 2014 with prospective application to the derecognition of any foreign entity subsidiaries, groups of assets or investments in foreign entities completed on or after January 1, 2014. The impact of ASU No. 2013-05 on our financial position, results of operations and cash flows is dependent on future transactions resulting in derecognition of our foreign assets, subsidiaries or investments in foreign entities completed on or after adoption.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk from changes in interest rates on debt, changes in foreign currency exchange rates and changes in commodity prices. We have not experienced a material change in market risk from changes in interest rates on debt, changes in foreign currency exchange rates and changes in commodity prices since December 31, 2012. See Part II, Item 7A., "Quantitative and Qualitative Disclosures about Market Risk" in our 2012 Form 10-K for further information about market risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We have established and maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2013.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during our most recent quarter ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

BLOOMIN' BRANDS, INC.

PART II: OTHER INFORMATION

Item 1A. Risk Factors

In addition to the other information discussed in this report, please consider the factors described in Part I, Item 1A., "Risk Factors" in our 2012 Form 10-K which could materially affect our business, financial condition or future results. There have not been any significant changes with respect to the risks described in our 2012 Form 10-K, but these are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may adversely affect our business, financial condition or operating results.

BLOOMIN' BRANDS, INC.**Item 6. Exhibits**

Exhibit Number	Description of Exhibits
10.01	First Amendment to Credit Agreement, Guaranty and Security Agreement dated as of April 10, 2013 among OSI Restaurant Partners, LLC, OSI HoldCo, Inc., the Subsidiary Guarantors, the Lenders and Deutsche Bank Trust Company Americas, as administrative agent for the Lenders (filed herewith)
10.02*	Split-Dollar Termination Agreement made and entered into February 28, 2013 by and between OSI Restaurant Partners, LLC and Dirk A. Montgomery, in his individual capacity and in his capacity as Trustee of the Dirk A. Montgomery Revocable Trust dated April 12, 2001 (included as an exhibit to Registrant's Annual Report on Form 10-K for the year ended December 31, 2012, File No. 001-35625, and incorporated herein by reference)
10.03*	Split-Dollar Termination Agreement made and entered into March 21, 2013 by and between OSI Restaurant Partners, LLC, Shamrock PTC, LLC, in its capacity as sole Trustee of The Chris Sullivan 2008 Insurance Trust dated July 17, 2008, and Chris Sullivan, in his individual capacity (filed herewith)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ¹
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ¹
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Management contract or compensatory plan or arrangement required to be filed as an exhibit

¹ These certifications are not deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. These certifications will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates them by reference.

The registrant hereby undertakes to furnish supplementally a copy of any omitted schedule or other attachment to the Securities and Exchange Commission upon request.

BLOOMIN' BRANDS, INC.

SIGNATURE

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: May 1, 2013

BLOOMIN' BRANDS, INC.

(Registrant)

By: /s/ David J. Deno

David J. Deno
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

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FIRST AMENDMENT TO CREDIT AGREEMENT, GUARANTY AND SECURITY AGREEMENT

FIRST AMENDMENT TO CREDIT AGREEMENT, GUARANTY AND SECURITY AGREEMENT (this “**First Amendment**”), dated as of April 10, 2013, among OSI RESTAURANT PARTNERS, LLC, a Delaware limited liability company (the “**Borrower**”), OSI HOLDCO, INC., a Delaware corporation (“**Holdings**”), the Subsidiary Guarantors (as defined in the Credit Agreement referred to below) party hereto, DEUTSCHE BANK TRUST COMPANY AMERICAS (“**DBTCA**”), as administrative agent (in such capacity, the “**Administrative Agent**”), Deutsche Bank Trust Company Americas as the designated lender of 2013 Replacement Term Loans referred to below (in such capacity, the “**Designated 2013 Replacement Term Lender**”), each of the other Lenders (as defined below) party hereto with a 2013 Replacement Term Loan Commitment referred to below (together with the Designated 2013 Replacement Term Lender, the “**2013 Replacement Term Lenders**”) and each of the other Lenders party hereto. Unless otherwise indicated, all capitalized terms used herein and not otherwise defined herein shall have the respective meanings provided such terms in the Credit Agreement referred to below (as amended by this First Amendment).

W I T N E S S E T H:

WHEREAS, the Borrower, Holdings, the Administrative Agent, the lenders party thereto (the “**Lenders**”) and the other parties thereto have entered into a Credit Agreement, dated as of October 26, 2012 (as in effect on the date hereof, the “**Credit Agreement**”);

WHEREAS, on the date hereof (but prior to giving effect to this First Amendment), there are outstanding Term Loans under the Credit Agreement (for purposes of this First Amendment, herein called the “**Original Refinanced Term Loans**”) in an aggregate principal amount of \$975,000,000;

WHEREAS, in accordance with the provisions of Section 10.01 of the Credit Agreement, Holdings and the Borrower wish to amend the Credit Agreement to enable the Borrower to refinance in full the outstanding Original Refinanced Term Loans with the proceeds of 2013 Replacement Term Loans (as defined below) (the “**Refinancing**”) as more fully provided herein;

WHEREAS, the Borrower, Holdings, the other Loan Parties party thereto from time to time and the Administrative Agent, have entered into a Guarantee Agreement, dated as of October 26, 2012 (as in effect on the date hereof, the “**Guaranty**”);

WHEREAS, the Borrower, Holdings, the other Loan Parties party thereto from time to time and the Collateral Agent have entered into a Security Agreement, dated as of October 26, 2012 (as in effect on the date hereof, the “**Security Agreement**”);

WHEREAS, in accordance with the provisions of Section 10.01 of the Credit Agreement and immediately after giving effect to the Refinancing, the Administrative Agent, the

other Lenders party hereto and the Loan Parties wish to amend the Guaranty and the Security Agreement, as more fully provided herein;

WHEREAS, Holdings, the Borrower, the Administrative Agent, the 2013 Replacement Term Lenders and the other Lenders party hereto wish to amend the Credit Agreement to provide for (i) the Refinancing and (ii) certain other modifications to the Credit Agreement, in each case on the terms and subject to the conditions set forth herein; and

WHEREAS, pursuant to that certain engagement letter, dated March 27, 2013 (the “**Engagement Letter**”), among the Borrower, DBTCA, Deutsche Bank Securities Inc. (“**DBSI**”), Merrill Lynch, Pierce, Fenner & Smith Incorporated (“**MLPFS**”), Goldman Sachs Bank USA (“**GSB**”), J.P. Morgan Securities LLC (“**JPMS**”) and Morgan Stanley Senior Funding, Inc. (“**MSSF**”), DBSI and MLPFS shall act as joint lead arrangers and DBSI, MLPFS, GSB, JPMS and MSSF shall act as joint lead bookrunners with respect to this First Amendment and the 2013 Replacement Term Loans provided for hereunder;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

SECTION 1. Amendments to Credit Agreement.

(a) (i) Each of the 2013 Replacement Term Lenders hereby agrees to make to the Borrower on (and subject to the occurrence of) the First Amendment Effective Date (as defined below) 2013 Replacement Term Loans in Dollars in an aggregate principal amount equal to \$975,000,000 to refinance all Original Refinanced Term Loans in accordance with the relevant requirements of the Credit Agreement (as amended hereby) and this First Amendment. It is understood and agreed that the 2013 Replacement Term Loans being made pursuant to this First Amendment shall constitute “Replacement Term Loans” as defined in, and pursuant to, Section 10.01 of the Credit Agreement and the Original Refinanced Term Loans being refinanced shall constitute “Refinanced Term Loans” as defined in, and pursuant to, Section 10.01 of the Credit Agreement. Except as expressly provided in this First Amendment (including as to the Applicable Rate and call protection) and the Credit Agreement (as modified hereby), the 2013 Replacement Term Loans shall be on terms identical to the Original Refinanced Term Loans (including as to maturity, Guarantors, Collateral (and ranking) and payment priority).

(ii) The Administrative Agent has prepared a schedule which sets forth the allocated commitments (the “**2013 Replacement Term Loan Commitments**”) received by it with respect to the 2013 Replacement Term Loans from the 2013 Replacement Term Lenders. The Administrative Agent has notified each 2013 Replacement Term Lender of its allocated 2013 Replacement Term Loan Commitment and each of the 2013 Replacement Term Lenders is a signatory to this First Amendment. On the First Amendment Effective Date, all then outstanding Original Refinanced Term Loans shall be refinanced in full as follows:

(a) the outstanding aggregate principal amount of Original Refinanced Term Loans of each Term Lender which (i) is an existing Term Lender under the Credit Agreement with respect to Original Refinanced Term Loans prior to giving effect to this First Amendment (each, an “**Existing Term Lender**”) and (ii) does not have a 2013

Replacement Term Loan Commitment (a Term Lender meeting the requirements of clauses (i) and (ii), each, a “**Non-Converting Term Lender**”) shall be repaid in full in cash with respect to its Original Refinanced Term Loans;

(b) to the extent that any Existing Term Lender has a 2013 Replacement Term Loan Commitment that is less than the full outstanding aggregate principal amount of Original Refinanced Term Loans of such Existing Term Lender, such Existing Term Lender shall be repaid in cash in an amount equal to the difference between the outstanding aggregate principal amount of Original Refinanced Term Loans of such Existing Term Lender and such Existing Term Lender’s 2013 Replacement Term Loan Commitment (the “**Non-Converting Portion**”);

(c) the outstanding aggregate principal amount of Original Refinanced Term Loans of each Existing Term Lender which has a 2013 Replacement Term Loan Commitment (each, a “**2013 Converting Term Lender**”) shall automatically be converted into new Term Loans (each, a “**Converted 2013 Replacement Term Loan**”) in a principal amount equal to such 2013 Converting Term Lender’s outstanding Original Refinanced Term Loans less an amount equal to such 2013 Converting Term Lender’s Non-Converting Portion of such 2013 Converting Term Lender’s Original Refinanced Term Loans, if any (the “**Term Loan Conversion**”); and

(d) (1) each Person that is not an Existing Term Lender with a 2013 Replacement Term Loan Commitment (each, a “**New 2013 Replacement Term Lender**”) and (2) each 2013 Converting Term Lender with a 2013 Replacement Term Loan Commitment in an amount in excess of the aggregate principal amount of Original Refinanced Term Loans of such 2013 Converting Term Lender (any such difference as to such 2013 Converting Term Lender, a “**New 2013 Replacement Term Loan Commitment**”), agrees to make to the Borrower a new Term Loan (each, a “**New 2013 Replacement Term Loan**” and, collectively, the “**New 2013 Replacement Term Loans**” and, together with the Converted 2013 Replacement Term Loans, the “**2013 Replacement Term Loans**”) in a principal amount equal to such New 2013 Replacement Term Lender’s 2013 Replacement Term Loan Commitment or such 2013 Converting Term Lender’s New 2013 Replacement Term Loan Commitment, as the case may be, on the First Amendment Effective Date.

(iii) Each 2013 Replacement Term Lender hereby agrees to “fund” its 2013 Replacement Term Loans in an aggregate principal amount equal to such 2013 Replacement Term Lender’s 2013 Replacement Term Loan Commitment as follows:

(a) each 2013 Converting Term Lender shall fund its Converted 2013 Replacement Term Loans to the Borrower by converting its then outstanding principal amount of Original Refinanced Term Loans (other than such 2013 Converting Term Lender’s Non-Converting Portion, if any) into a Converted 2013 Replacement Term Loan in an equal principal amount as provided in clause (ii)(C) above (or, if such 2013 Converting Term Lender elects to have its Original Refinanced Term Loans repaid in cash in full, shall fund an amount in cash corresponding to the amount of its Converted 2013 Replacement Term Loans to the Designated 2013 Replacement Term Lender);

(b) (1) each 2013 Converting Term Lender with a New 2013 Replacement Term Loan Commitment shall fund in cash an amount equal to its New 2013 Replacement Term Loan Commitment to the Designated 2013 Replacement Term Lender and (2) each New 2013 Replacement Term Lender shall fund in cash an amount equal to its 2013 Replacement Term Loan Commitment to the Designated 2013 Replacement Term Lender; and

(c) the Designated 2013 Replacement Term Lender shall fund in cash to the Borrower, on behalf of each 2013 Converting Term Lender with a New 2013 Replacement Term Loan Commitment and each New 2013 Replacement Term Lender with a 2013 Replacement Term Loan Commitment (and, if applicable on behalf of each 2013 Converting Term Lender that elects to have its Original Refinanced Term Loans repaid in full in cash) an amount equal to (1) in the case of a 2013 Converting Term Lender, such 2013 Converting Term Lender's New 2013 Replacement Term Loan Commitment, (2) in the case of a New 2013 Replacement Term Lender, such New 2013 Replacement Term Lender's 2013 Replacement Term Loan Commitment and (3) in the case of a 2013 Converting Term Lender that elects to have its Original Refinanced Term Loans repaid in full in cash, the outstanding principal amount of such 2013 Converting Term Lender's Original Refinanced Term Loans less an amount equal to such 2013 Converting Term Lender's Non-Converting Portion, if any.

(iv) The Converted 2013 Replacement Term Loans subject to the Term Loan Conversion shall be allocated ratably to the outstanding Borrowings of Original Refinanced Term Loans (based upon the relative principal amounts of Borrowings of Original Refinanced Term Loans subject to different Interest Periods immediately prior to giving effect thereto). Each resulting "borrowing" of Converted 2013 Replacement Term Loans shall constitute a new "Borrowing" under the Credit Agreement and be subject to the same Interest Period applicable to the Borrowing of Original Refinanced Term Loans to which it relates, which Interest Period shall continue in effect until such Interest Period expires and a new Type of Borrowing is selected in accordance with the provisions of Section 2.02 of the Credit Agreement. New 2013 Replacement Term Loans shall be initially incurred pursuant to a single "borrowing" of Eurocurrency Rate Loans which shall be allocated to the outstanding "deemed" Borrowing of Converted 2013 Replacement Term Loans on the First Amendment Effective Date. Each such "borrowing" of New 2013 Replacement Term Loans shall (i) be added to (and made a part of) the related deemed Borrowing of Converted 2013 Replacement Term Loans and (ii) be subject to (x) an Interest Period which commences on the First Amendment Effective Date and ends on the last day of the Interest Period applicable to the related deemed Borrowing of Converted 2013 Replacement Term Loans to which it is added and (y) the same Eurocurrency Rate applicable to such deemed Borrowing of Converted 2013 Replacement Term Loans to which it is added.

(v) On the First Amendment Effective Date, the Borrower shall pay in cash (x) all interest accrued and unpaid on the Original Refinanced Term Loans through the First Amendment Effective Date at the rate in effect prior to giving effect to this First Amendment and (y) to each Non-Converting Term Lender and each 2013 Converting Term Lender with a Non-Converting Portion, any loss, expense or liability due under Section 3.05 of the Credit Agreement (it being understood that existing Interest Periods of the Original Refinanced Term Loans held by 2013 Replacement Term Lenders prior to the First Amendment Effective Date

shall continue on and after the First Amendment Effective Date pursuant to preceding clause (iv) and shall accrue interest in accordance with Section 2.09 of the Credit Agreement on and after the First Amendment Effective Date). Notwithstanding anything to the contrary in clause (y) of the immediately preceding sentence, each 2013 Converting Term Lender hereby waives any entitlement or claim to any loss, expense or liability due under Section 3.05 of the Credit Agreement with respect to the repayment or conversion of the Original Refinanced Term Loans it holds as an Existing Term Lender.

(vi) Promptly following the First Amendment Effective Date, all Notes, if any, evidencing the Original Refinanced Term Loans shall be cancelled and returned to the Borrower, and any 2013 Replacement Term Lender may request that its 2013 Replacement Term Loan be evidenced by a Note pursuant to Section 2.12(a) of the Credit Agreement.

(vii) All proceeds of the 2013 Replacement Term Loans will be used solely to repay the outstanding principal amount of Original Refinanced Term Loans of Existing Term Lenders on the First Amendment Effective Date.

(b) Immediately after giving effect to the consummation of the Refinancing on (and subject to the occurrence of) the First Amendment Effective Date, the Credit Agreement is hereby amended as follows:

(i) Clause (a) of the definition of “**Applicable Rate**” appearing in Section 1.01 of the Credit Agreement is hereby amended by amending and restating such definition in its entirety as follows:

“(a) with respect to Term Loans, (i) for Eurocurrency Rate Loans, 2.50% and (ii) for Base Rate Loans, 1.50%”.

(ii) The definition of “**Base Rate**” in Section 1.01 of the Credit Agreement is hereby amended by deleting the text “2.25%” appearing in the proviso of the first sentence thereof and inserting “2.00%” in lieu thereof.

(iii) The definition of “**Commitment**” in Section 1.01 of the Credit Agreement is hereby amended by amending and restating such definition in its entirety as follows:

“**Commitment**” means a Term Commitment, an Incremental Term Commitment, an Extended Term Loan Commitment of a given Extension Series, an Other Term Loan Commitment, a 2013 Replacement Term Loan Commitment, a Revolving Credit Commitment, an Incremental Revolving Credit Commitment, an Extended Revolving Credit Commitment of a given Extension Series or Other Revolving Credit Commitment, as the context may require.

(iv) The definition of “**Cumulative Growth Amount**” in Section 1.01 of the Credit Agreement is hereby amended by inserting the following parenthetical immediately after the word “repurchases” appearing in clause (G)(iii) thereof:

“(and, in the case of any loans made to the Borrower by Holdings, the aggregate amount of all payments of principal, interest, premium and fees in respect of such loans)”.

(v) The definition of “**Eurocurrency Rate**” in Section 1.01 of the Credit Agreement is hereby amended by deleting the text “1.25%” appearing in the second proviso thereof and inserting “1.00%” in lieu thereof.

(vi) The definition of “**Specified Proceeds**” in Section 1.01 of the Credit Agreement is hereby amended by amending and restating it in its entirety as follows:

“**Specified Proceeds**” means (i) contributions made to the common equity of the Borrower in cash by Holdings or (ii) the original principal amount of any unsecured and subordinated loans made in cash to the Borrower by Holdings in accordance with Section 7.03(aa) (in each case, other than contributions or loans made with the cash proceeds from financing activities of Holdings or from other equity contributions to Holdings or from dividends or other distributions or payments received by Holdings from Other Parent Subsidiaries that are unrelated to the businesses conducted by the Other Parent Subsidiaries on the Closing Date).

(vii) The definition of “**Term Loan**” in Section 1.01 of the Credit Agreement is hereby amended by amending and restating it in its entirety as follows:

“**Term Loans**” means the term loans made by the Lenders on the Closing Date to the Borrower pursuant to Section 2.01(a), the 2013 Replacement Term Loans made by the 2013 Replacement Term Lenders on the First Amendment Effective Date, any Extended Term Loan, any Incremental Term Loan or any Other Term Loan, as the context may require.

(viii) The definition of “**Obligations**” in Section 1.01 of the Credit Agreement is hereby amended by deleting clause (y) appearing in such definition in its entirety and inserting the following new clause (y) in lieu thereof:

“(y) obligations (other than any Excluded Swap Obligations) of any Loan Party and its Subsidiaries arising under any Secured Hedge Agreement and”.

(ix) Section 1.01 of the Credit Agreement is hereby further amended by adding the following definitions in appropriate alphabetical order as follows:

“**2013 Replacement Term Lender**” has the meaning provided in the First Amendment.

“**2013 Replacement Term Loans**” has the meaning provided in the First Amendment.

“**2013 Replacement Term Loan Commitment**” has the meaning provided in the First Amendment.

“**Commodity Exchange Act**” means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

“Excluded Swap Obligation” means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder at the time the Guarantee of such Guarantor or the grant of such security interest becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

“First Amendment” shall mean the First Amendment to the Credit Agreement, Guaranty and Security Agreement, dated as of April 10, 2013, by and among Holdings, the Borrower, the Administrative Agent, the 2013 Replacement Term Lenders and the other Lenders party thereto.

“First Amendment Effective Date” has the meaning provided in the First Amendment.

“Swap Obligation” means, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of section 1a(47) of the Commodity Exchange Act.

(x) Section 2.01(a) of the Credit Agreement is hereby amended by inserting the following new sentence immediately after the first sentence thereof:

“On the First Amendment Effective Date, each 2013 Replacement Lender agrees to make to the Borrower the 2013 Replacement Term Loans denominated in Dollars in an aggregate principal amount equal to such 2013 Replacement Term Lender’s 2013 Replacement Term Loan Commitment in accordance with the terms and conditions of the First Amendment.”

(xi) Section 2.06(a)(i) of the Credit Agreement is hereby amended by deleting the last sentence of clause (a)(i) thereof and inserting the following text in lieu thereof:

“Any prepayment of Term Loans made after the First Amendment Effective Date and on or prior to the date that is six months after the First Amendment Effective Date in connection with a Repricing Transaction shall be accompanied by the payment by the Borrower of the fee set forth in Section 2.10(b).”

(xii) Section 2.07(b) of the Credit Agreement is hereby amended by inserting the following sentence immediately after the first sentence of such Section:

“The 2013 Replacement Term Loan Commitment of each 2013 Replacement Term Lender shall be automatically and permanently reduced to \$0 upon the making of such

2013 Replacement Term Lender's 2013 Replacement Term Loans pursuant to the First Amendment on the First Amendment Effective Date.”

(xiii) Section 2.10(b) of the Credit Agreement is hereby amended by deleting the text “on or prior to the first anniversary of the Closing Date” appearing therein and inserting the text “after the First Amendment Effective Date and on or prior to the six-month anniversary of the First Amendment Effective Date” in lieu thereof.

(xiv) Section 6.17 of the Credit Agreement is hereby amended by inserting the following sentence immediately after the first sentence appearing therein:

“All proceeds of the 2013 Replacement Term Loans incurred on the First Amendment Effective Date shall be used to repay all Term Loans outstanding (and as defined herein) prior to the First Amendment Effective Date.”

(xv) Section 7.03 of the Credit Agreement is hereby amended by (A) deleting the word “and” appearing at the end of clause (y) thereof, (B) inserting the word “and” at the end of clause (z) thereof and (C) inserting the following new clause (aa) immediately after clause (z) thereof:

“(aa) unsecured subordinated Indebtedness of the Borrower owing to Holdings made with Specified Proceeds; provided that such Indebtedness (x) will not have any maturity, amortization, mandatory redemption, sinking fund or similar mandatory payment prior to the date that is ninety-one (91) days after the Latest Maturity Date at the time of any such incurrence and (y) shall be subject to the subordination terms set forth in the Intercompany Note;”

(xvi) Section 7.13 of the Credit Agreement is hereby amended by (i) inserting the following parenthetical immediately after the words “scheduled maturity thereof” appearing in the second line thereof:

“(and, in the case of any Junior Financing consisting of Indebtedness owing by the Borrower to Holdings, make any other payment thereon in respect of principal, interest, premium or fees);”

and (ii) inserting the following parenthetical immediately after the word “maturity” appearing in clauses (a)(iv) and (a)(v) thereof:

“(or, in the case of any Junior Financing consisting of Indebtedness owing by the Borrower to Holdings, any payments of principal, interest, premium and fees in respect of such Indebtedness)”.

(xvii) Section 7.14 of the Credit Agreement is hereby amended by inserting the text “, making loans to the Borrower” immediately after the words “making contributions to the capital of the Borrower” in clause (v) thereof.

(c) The Borrower and the Administrative Agent hereby consent, for purposes of Section 10.07(b)(i)(A) and Section 10.07(b)(i)(B), respectively, of the Credit Agreement, to the

assignment of any 2013 Replacement Term Loans to any 2013 Replacement Term Lender that was not an Existing Term Lender (or an Affiliate or an Approved Fund of an Existing Term Lender) on the First Amendment Effective Date (immediately prior to giving effect thereto), in each case, to the extent disclosed to such Person prior to the date hereof.

SECTION 2. Amendments to Guaranty.

(a) Immediately after giving effect to the consummation of the Refinancing on the First Amendment Effective Date, the Guaranty is hereby amended as follows:

(i) Section 1.02 of the Guaranty is hereby amended by adding the following definitions in appropriate alphabetical order as follows:

“Discharge of Guaranteed Obligations” means the termination of this Agreement and the Guarantees made herein pursuant to Section 4.13(a) hereof.

“Qualified ECP Guarantor” means, in respect of any Swap Obligation, each Guarantor that has total assets exceeding \$10,000,000 at the time the relevant Guaranty or grant of the relevant security interest becomes effective with respect to such Swap Obligation or such other Person as constitutes an “eligible contract participant” under (and as defined in) the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an “eligible contract participant” at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

(ii) the following new Section 4.17 shall be inserted after Section 4.16 of the Guaranty:

“Section 4.17. Keepwell. Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Guarantor to honor all of its obligations under this Agreement in respect of Swap Obligations (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 4.17 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 4.17, or otherwise under this Agreement, as it relates to such other Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section shall remain in full force and effect until a Discharge of Guaranteed Obligations. Each Qualified ECP Guarantor intends that this Section 4.17 constitute, and this Section 4.17 shall be deemed to constitute, a “keepwell, support, or other agreement” for the benefit of each other Loan Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.”

SECTION 3. Amendment to Security Agreement. Immediately after giving effect to the consummation of the Refinancing on the First Amendment Effective Date, the Security Agreement is hereby amended as follows:

(a) The definition of “Secured Obligations” in Section 1.02 of the Security Agreement is hereby amended by amending and restating such definition in its entirety as follows:

“Secured Obligations” means the “Obligations” as defined in the Credit Agreement; it being acknowledged and agreed that the term “Secured Obligations” as used herein shall include each extension of credit under the Credit Agreement and all obligations (other than any Excluded Swap Obligations) of Holdings, the Borrower and/or their Restricted Subsidiaries under the Secured Hedge Agreements and all Cash Management Obligations, in each case, whether outstanding on the date of this Agreement or extended from time to time after the date of this Agreement.

SECTION 4. Acknowledgement and Confirmation. Each of the Loan Parties party hereto hereby agrees that, except as otherwise agreed in this First Amendment with regard to Excluded Swap Obligations, with respect to each Loan Document to which it is a party, after giving effect to the First Amendment:

(a) all of its obligations, liabilities and indebtedness under such Loan Document, including guarantee obligations, shall remain in full force and effect on a continuous basis (including with respect to 2013 Replacement Term Loans); and

(b) all of the Liens and security interests created and arising under such Loan Document remain in full force and effect on a continuous basis, and the perfected status and priority to the extent provided for in Section 5.19 of the Credit Agreement of each such Lien and security interest continues in full force and effect on a continuous basis, unimpaired, uninterrupted and undischarged as collateral security for the Obligations (including the 2013 Replacement Term Loans), to the extent provided in such Loan Documents.

SECTION 5. Conditions of Effectiveness of this First Amendment. This First Amendment shall become effective on the date when the following conditions shall have been satisfied (such date, the “**First Amendment Effective Date**”):

(a) Holdings, the Borrower, the Administrative Agent, each 2013 Replacement Term Lender, the Subsidiary Guarantors existing as of the First Amendment Effective Date and the Required Lenders (determined immediately after giving effect to the Refinancing) shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered (including by way of facsimile or other electronic transmission) the same to White & Case LLP, 1155 Avenue of the Americas, New York, NY 10036, Attention: Liza Carens (OSIAMendment@whitecase.com; facsimile number 212-354-8113), counsel to the Administrative Agent;

(b) the Borrower shall have paid, by wire transfer of immediately available funds, (i) to DBSI all fees as have been separately agreed in the Engagement Letter or otherwise, (ii) to the Administrative Agent, for the ratable account of each Existing Term Lender, all accrued but unpaid interest on the Original Refinanced Term Loans

through the First Amendment Effective Date at the rate in effect prior to giving effect to the First Amendment, (iii) to the Administrative Agent, for the ratable account of each Existing Term Lender, a fee in an amount equal to 1.00% of the Original Refinanced Term Loans of each such Existing Term Lender outstanding on the First Amendment Effective Date (immediately prior to giving effect thereto) (it being understood that payment of the fee specified in clause (iii) above shall satisfy, in full, any obligation of the Borrower to pay the fee referred to in Section 2.10(b) of the Credit Agreement in connection with the Repricing Transaction to be effected pursuant to this First Amendment) and (iv) any other reasonable and documented out-of-pocket costs and expenses of the Administrative Agent required to be paid or reimbursed pursuant to Section 10.04 of the Credit Agreement, including Attorney Costs; and

(c) on the First Amendment Effective Date and after giving effect to this First Amendment, (I) no Default or Event of Default shall have occurred and be continuing and (II) all representations and warranties contained in the Credit Agreement and in the other Loan Documents are true and correct in all material respects with the same effect as though such representations and warranties had been made on the First Amendment Effective Date (it being understood and agreed that (x) to the extent such representations and warranties specifically refer to an earlier date, they shall be true and correct in all material respects as of such earlier date and (y) any representation and warranty that is qualified as to “materiality,” “Material Adverse Effect” or similar language shall be true and correct in all respects on the First Amendment Effective date or such earlier date referred to in clause (x), as applicable);

(d) the Administrative Agent shall have received from the Borrower a certificate executed by a Responsible Officer of the Borrower certifying compliance with the requirements of preceding clause (c);

(e) there shall have been delivered to the Administrative Agent (A) copies of resolutions of the board of directors (or similar governing body) of each Loan Party approving and authorizing the execution, delivery and performance of this First Amendment, certified as of the First Amendment Effective Date by a Responsible Officer of such Loan Party as being in full force and effect without modification or amendment and (B) good standing certificates for each Loan Party from the jurisdiction in which they are organized;

(f) the Administrative Agent shall have received (i) an opinion from Ropes & Gray LLP, counsel to the Loan Parties, addressed to the Administrative Agent, the Collateral Agent, the 2013 Replacement Term Lenders and the Lenders and (ii) an opinion from Greenberg Traurig LLP, Florida counsel to the Loan Parties, addressed to the Administrative Agent, the Collateral Agent, the 2013 Replacement Term Lenders and the Lenders.

SECTION 6. Costs and Expenses. The Borrower hereby reconfirms its obligations pursuant to Section 10.04 of the Credit Agreement to pay and reimburse the Administrative Agent in accordance with the terms thereof.

SECTION 7. Remedies. This First Amendment shall constitute a “Loan Document” for all purposes of the Credit Agreement and the other Loan Documents.

SECTION 8. Representations and Warranties. To induce the Administrative Agent, the 2013 Replacement Term Lenders and the other Lenders to enter into this First Amendment, each Loan Party represents and warrants to the Administrative Agent, the 2013 Replacement Term Lenders and the other Lenders on and as of the First Amendment Effective Date that, in each case:

(a) this First Amendment has been duly authorized, executed and delivered by such Loan Party and each of this First Amendment, the Credit Agreement, the Guaranty and the Security Agreement (each as amended by this First Amendment) constitute such Loan Party’s legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to Debtor Relief Laws, general principles of equity (whether considered in a proceeding in equity or law) and an implied covenant of good faith and fair dealing; and

(b) no Default or Event of Default exists and is continuing.

SECTION 9. Reference to and Effect on the Credit Agreement and the Loan Documents.

(a) On and after the First Amendment Effective Date, (i) each reference in the Credit Agreement, the Guaranty or the Security Agreement, as applicable, to “this Agreement,” “herein,” “hereto,” “hereof” and “hereunder” or words of like import referring to the Credit Agreement, Guaranty or Security Agreement, as applicable, shall mean and be a reference to the Credit Agreement, Guaranty or Security Agreement, as applicable, and in each case as amended by this First Amendment; (ii) the 2013 Replacement Term Loans shall constitute “Term Loans” for all purposes under the Credit Agreement (other than for purposes of Section 2.01(a) of the Credit Agreement (as amended hereby), Section 4.01 of the Credit Agreement and the definition of “Term Commitments”, (iii) each 2013 Replacement Term Lender shall constitute a “Lender” and a “Term Lender”, in each case, as defined in the Credit Agreement and (iv) each 2013 Replacement Term Loan Commitment shall constitute a “Commitment” as defined in the Credit Agreement.

(b) The Credit Agreement and each of the other Loan Documents, as specifically amended by this First Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the Collateral Documents and all of the Collateral described therein do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents, in each case, as amended by this First Amendment.

(c) The execution, delivery and effectiveness of this First Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

SECTION 10. Governing Law. THIS FIRST AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 11. Counterparts. This First Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. Delivery by facsimile or electronic transmission of an executed counterpart of a signature page to this First Amendment shall be effective as delivery of an original executed counterpart of this First Amendment.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this First Amendment as of the date first above written.

OSI RESTAURANT PARTNERS, LLC

By: /s/ Joseph J. Kadow
Name: Joseph J. Kadow
Title: Chief Legal Officer, Executive Vice
President and Secretary

OSI HOLDCO, INC.

By: /s/ Joseph J. Kadow
Name: Joseph J. Kadow
Title: Chief Legal Officer, Executive Vice
President and Secretary

[Signature Page - First Amendment to the Credit Agreement]

FREDERICK OUTBACK, INC.
OUTBACK OF ASPEN HILL, INC.
OUTBACK OF GERMANTOWN, INC.

By: /s/ Stephen S. Newton

Name: Stephen S. Newton

Title: President, Secretary and Treasurer

[Signature Page - First Amendment to the Credit Agreement]

OBTEX HOLDINGS, LLC
OUTBACK BEVERAGES OF TEXAS, LLC

By: /s/ Jeffrey Smith
Name: Jeffrey Smith
Title: President

[Signature Page - First Amendment to the Credit Agreement]

CARRABBA'S ITALIAN GRILL OF HOWARD
COUNTY, INC.

By: /s/ Gerard Delahanty
Name: Gerard Delahanty
Title: President and Assistant Secretary

[Signature Page - First Amendment to the Credit Agreement]

CARRABBA'S OF GERMANTOWN, INC.
CARRABBA'S OF WALDORF, INC.

By: /s/ Kenneth R. Russo

Name: Kenneth R. Russo

Title: President, Secretary and Treasurer

[Signature Page - First Amendment to the Credit Agreement]

CIGI BEVERAGES OF TEXAS, LLC
CIGI HOLDINGS, LLC

By: /s/ Steven T. Shlemon

Name: Steven T. Shlemon

Title: President

[Signature Page - First Amendment to the Credit Agreement]

BLOOMIN' BRANDS GIFT CARD SERVICES, LLC
CARRABBA'S DESIGNATED PARTNER, LLC
CARRABBA'S ITALIAN GRILL, LLC
CARRABBA'S KANSAS DESIGNATED PARTNER,
LLC
OS ASSET, INC.
OS MANAGEMENT, INC.
OS MORTGAGE HOLDINGS, INC.
OS REALTY, LLC
OS RESTAURANT SERVICES, LLC
OSI INTERNATIONAL, LLC
OUTBACK CATERING DESIGNATED PARTNER, LLC
OUTBACK CATERING, INC.
OUTBACK DESIGNATED PARTNER, LLC
OUTBACK INTERNATIONAL DESIGNATED
PARTNER, LLC
OUTBACK KANSAS DESIGNATED PARTNER, LLC
OUTBACK STEAKHOUSE INTERNATIONAL, LLC
OUTBACK STEAKHOUSE OF FLORIDA, LLC
PRIVATE RESTAURANT MASTER LESSEE, LLC

By: /s/ Joseph J. Kadow

Name: Joseph J. Kadow

Title: Chief Officer - Legal and Corporate Affairs,
Executive Vice President and Secretary

BOOMERANG AIR, INC.
OSI CO-ISSUER, INC.
OUTBACK STEAKHOUSE INTERNATIONAL SERVICES, LLC

By: /s/ Joseph J. Kadow

Name: Joseph J. Kadow

Title: Chief Legal Officer, Executive Vice President
and Secretary

CARRABBA'S KANSAS LLC
OS NIAGARA FALLS, LLC
OUTBACK & CARRABBA'S OF NEW MEXICO, INC.
OUTBACK ALABAMA, INC.
OUTBACK KANSAS LLC

By: /s/ Joseph J. Kadow
Name: Joseph J. Kadow
Title: Vice President and Secretary

CARRABBA'S OF BOWIE, LLC

By: CARRABBA'S ITALIAN GRILL, LLC as managing
member

By: /s/ Joseph J. Kadow
Name: Joseph J. Kadow
Title: Chief Officer - Legal and Corporate Affairs,
Executive Vice President and Secretary

[Signature Page - First Amendment to the Credit Agreement]

CARRABBA'S/BIRMINGHAM 280, LIMITED
PARTNERSHIP
CARRABBA'S/COOL SPRINGS, LIMITED
PARTNERSHIP
CARRABBA'S/DC-I, LIMITED PARTNERSHIP
CARRABBA'S/DEERFIELD TOWNSHIP, LIMITED
PARTNERSHIP
CARRABBA'S/GREEN HILLS, LIMITED
PARTNERSHIP
CARRABBA'S/LEXINGTON, LIMITED
PARTNERSHIP
CARRABBA'S/LOUISVILLE, LIMITED PARTNERSHIP
CARRABBA'S/METRO, LIMITED PARTNERSHIP
CARRABBA'S/MICHIGAN, LIMITED PARTNERSHIP
CARRABBA'S/MID ATLANTIC-I, LIMITED
PARTNERSHIP
CARRABBA'S/MONTGOMERY, LIMITED
PARTNERSHIP
CARRABBA'S/ROCKY TOP, LIMITED PARTNERSHIP

By: CARRABBA'S ITALIAN GRILL, LLC as general
partner

By: /s/ Joseph J. Kadow
Name: Joseph J. Kadow
Title: Chief Officer - Legal and Corporate Affairs,
Executive Vice President and Secretary

By: CARRABBA'S DESIGNATED PARTNER, LLC as
general partner

By: /s/ Joseph J. Kadow
Name: Joseph J. Kadow
Title: Chief Officer - Legal and Corporate Affairs,
Executive Vice President and Secretary

[Signature Page - First Amendment to the Credit Agreement]

CIGI NEBRASKA, INC.
CIGI OKLAHOMA, INC.
OSF NEBRASKA, INC.
OSF OKLAHOMA, INC.

By: /s/ Joseph J. Kadow

Name: Joseph J. Kadow

Title: President and Secretary

OSF/CIGI OF EVESHAM PARTNERSHIP
OUTBACK STEAKHOUSE-NYC, LTD.
OUTBACK/CARRABBA'S PARTNERSHIP
OUTBACK/DC, LIMITED PARTNERSHIP
OUTBACK/MID ATLANTIC-I, LIMITED
PARTNERSHIP
OUTBACK/STONE-II, LIMITED PARTNERSHIP

By: OUTBACK STEAKHOUSE OF FLORIDA, LLC as
general partner

By: /s/ Joseph J. Kadow

Name: Joseph J. Kadow

Title: Chief Officer - Legal and Corporate Affairs,
Executive Vice President and Secretary

By: CARRABBA'S ITALIANG GRILL, LLC as general
partner

By: /s/ Joseph J. Kadow

Name: Joseph J. Kadow

Title: Chief Officer - Legal and Corporate Affairs,
Executive Vice President and Secretary

[Signature Page - First Amendment to the Credit Agreement]

OUTBACK STEAKHOUSE INTERNATIONAL, L.P.

By: OSI INTERNATIONAL, LLC as general partner

By: /s/ Joseph J. Kadow

Name: Joseph J. Kadow

Title: Chief Legal Officer, Executive Vice President
and Secretary

OUTBACK STEAKHOUSE WEST VIRGINIA, INC.

By: /s/ Joseph J. Kadow

Name: Joseph J. Kadow

Title: Vice President, Secretary and Treasurer

[Signature Page - First Amendment to the Credit Agreement]

**DEUTSCHE BANK TRUST COMPANY
AMERICAS**, as Administrative Agent and as the
Designated 2013 Replacement Term Lender

By: /s/ Dusan Lazarov

Name: Dusan Lazarov

Title: Director

By: /s/ Benjamin Souh

Name: Benjamin Souh

Title: Vice President

[Signature Page to First Amendment to OSI Credit Agreement]

SPLIT-DOLLAR TERMINATION AGREEMENT

This Split-Dollar Termination Agreement (the “Termination Agreement”) is made and entered into this 21st day of March, 2013 (“Effective Date”) by and between OSI RESTAURANT PARTNERS, LLC (“OSI”), SHAMROCK PTC, LLC, (the “Trustee”) in its capacity as sole trustee of THE CHRIS SULLIVAN 2008 INSURANCE TRUST DATED JULY 17, 2008 (the “Trust”), and CHRIS SULLIVAN, in his individual capacity (“Sullivan”).

RECITALS

1. Sullivan was previously employed by OSI and its affiliates.
2. OSI and the Trust entered into that certain Split-Dollar Agreement dated December 18, 2008, as amended, pursuant to which, among other things, OSI agreed to maintain a certain life insurance policy insuring Sullivan’s life, with the Trust being the named beneficiary under the Policy, subject to OSI’s rights under the Split-Dollar Agreement.
3. Pursuant to the Split-Dollar Agreement, OSI acquired and is the owner of John Hancock Variable Life Insurance Policy Number 96012670 (“Policy”) insuring the life of Sullivan with the Trust being the named beneficiary of the Policy, subject to OSI’s rights under the Split-Dollar Agreement.
4. The parties desire to (i) terminate the Split-Dollar Agreement and release all parties from any further obligations under the Split-Dollar Agreement and (ii) acknowledge that OSI is the sole and exclusive owner of the Policy free of any rights of, or obligations to, Sullivan or the Trust.

Now therefore, intending to be legally bound, in consideration of the mutual premises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

- A. **Recitals.** The above recitals are true and correct and incorporated herein.
- B. **Payment to Trust.** Within 3 business days of the Trust’s execution and delivery of this Termination Agreement OSI shall pay to the Trust in immediately available funds the sum of TWO MILLION DOLLARS (\$2,000,000.00).
- C. **Termination of Split Dollar Agreement.** Effective immediately upon the parties’ execution of this Termination Agreement:
 - (i) the Split-Dollar Agreement is hereby terminated and shall be of no further force or effect.
 - (ii) OSI shall be the sole and exclusive owner of the Policy free and clear of any right, title, claim or interest of Sullivan or the Trust, and OSI shall be free to keep the Policy in force, surrender the Policy, or take any

other action with respect to the Policy. For the avoidance of doubt, OSI shall be the sole person entitled to any benefit under the Policy, including without limitation, death benefit, cash value or surrender value.

- (iii) OSI hereby forever releases Sullivan and the Trust, and Sullivan and the Trust each hereby forever release OSI, from any and all obligations, liabilities, claims or rights under the Split-Dollar Agreement or with respect to the Policy, whether or not arising under the Split-Dollar Agreement.

D. **Representations and Warranties of Sullivan and Trust.** Sullivan, the Trust and the Trustee, jointly and severally, represent and warrant to OSI that each of the following is true and correct as of the date of this Agreement:

D . 1 Organization of Trust. The Trust is duly organized and validly existing and Shamrock PTC, LLC is the sole trustee of the Trust.

D . 2 Authority. Sullivan and the Trust each have the power and authority to execute, deliver and perform their obligations under this Termination Agreement. The execution, delivery and performance by Sullivan and the Trust of this Termination Agreement and the consummation of the transaction provided for herein have been duly authorized and approved by all necessary action of the Trust. No other or further act or proceeding on the part of Sullivan or the Trust is necessary to authorize this Termination Agreement or the consummation of the transaction contemplated hereby. This Termination Agreement constitutes the valid and binding agreement of Sullivan and the Trust, enforceable in accordance with its terms, except as such may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.

D . 3 No Violation. Neither the execution and delivery of this Termination Agreement, nor the consummation of the transaction contemplated hereby (a) will violate or conflict with, or constitute a default or breach (or an event which, with notice or lapse of time, or both, would constitute a default or breach) under, or will result in the termination of, or accelerate the performance required by, or result in the creation of any lien upon any of the assets of Sullivan or the Trust, any term or provision of the governing documents of the Trust, or of any contract, commitment, understanding, arrangement, agreement or restriction of any kind or character to which either Sullivan or the Trust is a party or by which any assets or properties of Sullivan or the Trust may be bound or affected.

D.4 Consents and Approvals. With respect to the Trust, all approvals, consents and waivers that are required to effect the transaction contemplated hereby have been obtained and copies thereof have been delivered to OSI, on or prior to the Effective Date.

E. Miscellaneous.

E.1 Governing Law. The validity, interpretation, and performance of this Agreement shall be governed by the laws of the State of Florida without giving effect to the principles of comity or conflicts of laws thereof.

E.2 Consent to Personal Jurisdiction and Venue; Attorney's Fees. Sullivan, the Trust and OSI hereby agree that personal jurisdiction and venue, for any action arising out of a breach or threatened breach of this Agreement or out of the relationship established by this Agreement, shall lie exclusively in and any action brought by a party hereunder shall be brought exclusively in the United States District Court for the Middle District of Florida, Tampa Division, or in the Circuit Court in and for Hillsborough County, Florida. In the event of any legal proceeding arising, directly or indirectly, from this Agreement, the prevailing party in such legal proceedings shall be entitled to attorney's fees and costs from the non-prevailing party.

E.3 WAIVER OF JURY TRIAL. ALL PARTIES TO THIS TERMINATION AGREEMENT KNOW AND UNDERSTAND THAT THEY MAY HAVE A CONSTITUTIONAL RIGHT TO A JURY TRIAL WITH REGARD TO ISSUES THAT MAY POTENTIALLY ARISE OUT OF THIS TERMINATION AGREEMENT. THE PARTIES ACKNOWLEDGE THAT ANY DISPUTE OR CONTROVERSY THAT MAY ARISE OUT OF THIS TERMINATION AGREEMENT WILL INVOLVE COMPLICATED AND DIFFICULT FACTUAL AND LEGAL ISSUES.

THE PARTIES HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS TERMINATION AGREEMENT OR THE CONTEMPLATED TRANSACTION HEREUNDER, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. THE PARTIES AGREE THAT ANY OF THEM MAY FILE A COPY OF THIS PROVISION WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE TRIAL BY JURY AND THAT ANY PROCEEDING WHATSOEVER BETWEEN THEM RELATING TO THIS AGREEMENT OR THE CONTEMPLATED TRANSACTION SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

THE PARTIES INTEND THIS WAIVER OF THE RIGHT TO A JURY TRIAL BE AS BROAD AS POSSIBLE. BY THEIR SIGNATURES, THE PARTIES PROMISE, WARRANT AND REPRESENT THAT THEY WILL NOT PLEAD FOR, REQUEST OR OTHERWISE SEEK TO HAVE A JURY TO RESOLVE ANY AND ALL DISPUTES THAT MAY ARISE BY, BETWEEN OR AMONG THEM.

E . 4 Amendment and Modification. The parties may amend, modify and supplement this Agreement only as may be explicitly agreed upon by them in writing.

E.5 Notice. All notices, requests, demands and other communications hereunder shall be given in writing and shall be: (a) personally delivered; or (b) sent to the parties at their respective addresses indicated herein by registered or certified U.S. mail, return receipt requested and postage prepaid, or by private overnight mail courier service. The respective addresses to be used for all such notices, demands or requests are as follows:

(a) If to Sullivan or the Trust, to:

3717 W. North B Street
Tampa, FL 33609

(b) If to OSI to:

OSI Restaurant Partners, LLC
2202 N. West Shore Blvd., Suite 500
Tampa, FL 33607
Attn: Chief Legal Officer

Any party to this Termination Agreement may change its address for notice purposes by giving notice thereof in accordance with this Section. Notices sent by facsimile or other electronic means shall not constitute notice under this Agreement.

E.6 Expenses. Regardless of whether or not the transaction contemplated hereby is consummated, each of the parties shall bear its own expenses and the expenses of its counsel, accountants, and other agents in connection herewith.

E . 7 Entire Agreement. This agreement embodies the entire agreement between the parties hereto with respect to the transaction contemplated herein, and there have been and are no agreements, representations or warranties between the parties other than those set forth or provided for herein.

E.8 Counterparts. This Termination Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

E.9 Headings. The headings of Sections in this Termination Agreement are provided for convenience only and will not affect its construction or interpretation.

E.10 Severability. If any part of this Termination Agreement is for any reason declared invalid or unenforceable by a court of competent jurisdiction, such declaration shall not affect the validity of any remaining portion of this Termination Agreement.

IN WITNESS WHEREOF, the parties have executed this Termination Agreement as of the Effective Date.

“OSI”

OSI RESTAURANT PARTNERS, LLC

By: /s/ Joseph J. Kadow
JOSEPH J. KADOW
Executive Vice President

“TRUST”

CHRIS SULLIVAN 2008 INSURANCE TRUST
DATED JULY 17, 2008

By its sole Trustee:

SHAMROCK PTC, LLC

By: /s/ Jill N. Creager
JILL N. CREAGER
Senior Vice President and Senior Trust Officer

“SULLIVAN”

/s/ Chris Sullivan
CHRIS SULLIVAN, individually

CERTIFICATION

I, Elizabeth A. Smith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Bloomin' Brands, Inc.;
2. Based on my knowledge, this 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 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 an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
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: May 1, 2013

/s/ Elizabeth A. Smith

Elizabeth A. Smith

Chief Executive Officer

CERTIFICATION

I, David J. Deno, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Bloomin' Brands, Inc.;
2. Based on my knowledge, this 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 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 an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
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: May 1, 2013

/s/ David J. Deno

David J. Deno

Executive Vice President and Chief Financial Officer

**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 Bloomin' Brands, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Elizabeth A. Smith, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, 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 for the dates and periods covered by the Report.

Date: May 1, 2013

/s/ Elizabeth A. Smith

Elizabeth A. Smith

Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to, and will be retained by, Bloomin' Brands, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**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 Bloomin' Brands, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David J. Deno, Executive Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, 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 for the dates and periods covered by the Report.

Date: May 1, 2013

/s/ David J. Deno

David J. Deno

Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to, and will be retained by, Bloomin' Brands, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

