

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 June 30, 2019

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**

BLOOMIN' BRANDS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

20-8023465

(IRS 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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock \$0.01 par value	BLMN	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

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 every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer
Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 July 30, 2019, 86,832,208 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 June 30, 2019
(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>JUNE 30, 2019</u>	<u>DECEMBER 30, 2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 64,653	\$ 71,823
Restricted cash and cash equivalents	2,187	—
Inventories	69,238	72,812
Other current assets, net	97,821	190,848
Total current assets	<u>233,899</u>	<u>335,483</u>
Property, fixtures and equipment, net	1,058,938	1,115,929
Operating lease right-of-use assets	1,275,303	—
Goodwill	294,292	295,427
Intangible assets, net	476,470	503,972
Deferred income tax assets, net	56,499	92,990
Other assets, net	116,325	120,973
Total assets	<u>\$ 3,511,726</u>	<u>\$ 2,464,774</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 151,495	\$ 174,488
Accrued and other current liabilities	371,079	246,653
Unearned revenue	237,304	342,708
Current portion of long-term debt	26,706	27,190
Total current liabilities	<u>786,584</u>	<u>791,039</u>
Non-current operating lease liabilities	1,284,574	—
Deferred rent	—	167,027
Deferred income tax liabilities	13,668	14,790
Long-term debt, net	1,122,189	1,067,585
Long-term portion of deferred gain on sale-leaseback transactions, net	—	177,983
Other long-term liabilities, net	146,118	191,533
Total liabilities	<u>3,353,133</u>	<u>2,409,957</u>
Commitments and contingencies (Note 16)		
Stockholders' equity		
Bloomin' Brands stockholders' equity		
Preferred stock, \$0.01 par value, 25,000,000 shares authorized; no shares issued and outstanding as of June 30, 2019 and December 30, 2018	—	—
Common stock, \$0.01 par value, 475,000,000 shares authorized; 86,826,650 and 91,271,825 shares issued and outstanding as of June 30, 2019 and December 30, 2018, respectively	868	913
Additional paid-in capital	1,099,598	1,107,582
Accumulated deficit	(792,341)	(920,010)
Accumulated other comprehensive loss	(157,346)	(142,755)
Total Bloomin' Brands stockholders' equity	<u>150,779</u>	<u>45,730</u>
Noncontrolling interests	7,814	9,087
Total stockholders' equity	<u>158,593</u>	<u>54,817</u>
Total liabilities and stockholders' equity	<u>\$ 3,511,726</u>	<u>\$ 2,464,774</u>

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

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

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018	JUNE 30, 2019	JULY 1, 2018
Revenues				
Restaurant sales	\$ 1,005,687	\$ 1,015,484	\$ 2,117,329	\$ 2,114,487
Franchise and other revenues	16,243	16,330	32,732	33,792
Total revenues	1,021,930	1,031,814	2,150,061	2,148,279
Costs and expenses				
Cost of sales	312,679	322,790	664,790	674,922
Labor and other related	301,213	301,921	620,228	612,983
Other restaurant operating	240,895	238,379	491,749	491,724
Depreciation and amortization	49,788	50,782	99,270	100,902
General and administrative	71,955	76,129	142,544	144,825
Provision for impaired assets and restaurant closings	1,940	8,889	5,526	11,628
Total costs and expenses	978,470	998,890	2,024,107	2,036,984
Income from operations	43,460	32,924	125,954	111,295
Other income (expense), net	12	(6)	(156)	(5)
Interest expense, net	(12,448)	(11,319)	(23,629)	(21,629)
Income before provision (benefit) for income taxes	31,024	21,599	102,169	89,661
Provision (benefit) for income taxes	1,215	(5,124)	6,711	(3,199)
Net income	29,809	26,723	95,458	92,860
Less: net income attributable to noncontrolling interests	788	2	2,137	741
Net income attributable to Bloomin' Brands	\$ 29,021	\$ 26,721	\$ 93,321	\$ 92,119
Net income				
Net income	\$ 29,809	\$ 26,723	\$ 95,458	\$ 92,860
Other comprehensive income (loss):				
Foreign currency translation adjustment	(8,476)	(30,044)	(2,721)	(28,695)
Unrealized (loss) gain on derivatives, net of tax	(7,239)	296	(11,620)	1,184
Reclassification of adjustment for loss (gain) on derivatives included in Net income, net of tax	130	71	(234)	379
Comprehensive income (loss)	14,224	(2,954)	80,883	65,728
Less: comprehensive income attributable to noncontrolling interests	896	360	2,153	1,081
Comprehensive income (loss) attributable to Bloomin' Brands	\$ 13,328	\$ (3,314)	\$ 78,730	\$ 64,647
Earnings per share:				
Basic	\$ 0.32	\$ 0.29	\$ 1.03	\$ 1.00
Diluted	\$ 0.32	\$ 0.28	\$ 1.02	\$ 0.97
Weighted average common shares outstanding:				
Basic	90,194	92,120	90,805	92,194
Diluted	90,953	94,361	91,807	95,072

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

BLOOMIN' BRANDS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT PER SHARE DATA, UNAUDITED)

	BLOOMIN' BRANDS, INC.							TOTAL
	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	ACCUM- ULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS	NON- CONTROLLING INTERESTS		
	SHARES	AMOUNT						
Balance, March 31, 2019	91,647	\$ 916	\$ 1,099,346	\$ (714,425)	\$ (141,653)	\$ 8,179	\$ 252,363	
Net income	—	—	—	29,021	—	788	29,809	
Other comprehensive (loss) income, net of tax	—	—	—	—	(15,727)	142	(15,585)	
Cash dividends declared, \$0.10 per common share	—	—	(9,227)	—	—	—	(9,227)	
Repurchase and retirement of common stock	(5,469)	(55)	—	(106,937)	—	—	(106,992)	
Stock-based compensation	—	—	5,137	—	—	—	5,137	
Common stock issued under stock plans (1)	649	7	4,499	—	—	—	4,506	
Purchase of noncontrolling interests	—	—	(157)	—	34	82	(41)	
Distributions to noncontrolling interests	—	—	—	—	—	(1,578)	(1,578)	
Contributions from noncontrolling interests	—	—	—	—	—	201	201	
Balance, June 30, 2019	86,827	\$ 868	\$ 1,099,598	\$ (792,341)	\$ (157,346)	\$ 7,814	\$ 158,593	
Balance, December 30, 2018	91,272	\$ 913	\$ 1,107,582	\$ (920,010)	\$ (142,755)	\$ 9,087	\$ 54,817	
Cumulative-effect from a change in accounting principle, net of tax	—	—	—	141,285	—	—	141,285	
Net income	—	—	—	93,321	—	2,137	95,458	
Other comprehensive (loss) income, net of tax	—	—	—	—	(14,625)	50	(14,575)	
Cash dividends declared, \$0.20 per common share	—	—	(18,367)	—	—	—	(18,367)	
Repurchase and retirement of common stock	(5,469)	(55)	—	(106,937)	—	—	(106,992)	
Stock-based compensation	—	—	9,130	—	—	—	9,130	
Common stock issued under stock plans (1)	1,024	10	1,410	—	—	—	1,420	
Purchase of noncontrolling interests	—	—	(157)	—	34	82	(41)	
Distributions to noncontrolling interests	—	—	—	—	—	(4,007)	(4,007)	
Contributions from noncontrolling interests	—	—	—	—	—	465	465	
Balance, June 30, 2019	86,827	\$ 868	\$ 1,099,598	\$ (792,341)	\$ (157,346)	\$ 7,814	\$ 158,593	

(CONTINUED...)

BLOOMIN' BRANDS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT PER SHARE DATA, UNAUDITED)

	BLOOMIN' BRANDS, INC.						
	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	ACCUM- ULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS	NON- CONTROLLING INTERESTS	TOTAL
	SHARES	AMOUNT					
Balance, April 1, 2018	91,416	\$ 914	\$ 1,092,147	\$ (898,768)	\$ (96,636)	\$ 10,778	\$ 108,435
Net income	—	—	—	26,721	—	245	26,966
Other comprehensive (loss) income, net of tax	—	—	—	—	(30,036)	359	(29,677)
Cash dividends declared, \$0.09 per common share	—	—	(8,363)	—	—	—	(8,363)
Repurchase and retirement of common stock	(1,288)	(13)	—	(29,991)	—	—	(30,004)
Stock-based compensation	—	—	6,057	—	—	—	6,057
Common stock issued under stock plans (1)	2,309	23	19,417	—	—	—	19,440
Change in the redemption value of redeemable interests	—	—	(243)	—	—	—	(243)
Distributions to noncontrolling interests	—	—	—	—	—	(2,303)	(2,303)
Contributions from noncontrolling interests	—	—	—	—	—	1,162	1,162
Balance, July 1, 2018	92,437	\$ 924	\$ 1,109,015	\$ (902,038)	\$ (126,672)	\$ 10,241	\$ 91,470
Balance, December 31, 2017	91,913	\$ 919	\$ 1,081,813	\$ (913,191)	\$ (99,199)	\$ 10,889	\$ 81,231
Net income	—	—	—	92,119	—	1,063	93,182
Other comprehensive (loss) income, net of tax	—	—	—	—	(27,473)	341	(27,132)
Cash dividends declared, \$0.18 per common share	—	—	(16,734)	—	—	—	(16,734)
Repurchase and retirement of common stock	(3,404)	(34)	—	(80,966)	—	—	(81,000)
Stock-based compensation	—	—	11,178	—	—	—	11,178
Common stock issued under stock plans (1)	3,928	39	33,080	—	—	—	33,119
Change in the redemption value of redeemable interests	—	—	(322)	—	—	—	(322)
Distributions to noncontrolling interests	—	—	—	—	—	(3,372)	(3,372)
Contributions from noncontrolling interests	—	—	—	—	—	1,320	1,320
Balance, July 1, 2018	92,437	\$ 924	\$ 1,109,015	\$ (902,038)	\$ (126,672)	\$ 10,241	\$ 91,470

(1) Net of forfeitures and shares withheld for employee taxes.

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

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

	TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018
Cash flows provided by operating activities:		
Net income	\$ 95,458	\$ 92,860
Adjustments to reconcile Net income to cash provided by operating activities:		
Depreciation and amortization	99,270	100,902
Amortization of deferred discounts and issuance costs	1,255	1,288
Amortization of deferred gift card sales commissions	14,089	15,219
Provision for impaired assets and restaurant closings	5,526	11,628
Non-cash operating lease costs	36,096	—
Stock-based and other non-cash compensation expense	12,854	13,263
Deferred income tax benefit	(945)	(264)
Loss on sale of a business or subsidiary	214	—
Recognition of deferred gain on sale-leaseback transactions	—	(6,142)
Other, net	(4,299)	1,257
Change in assets and liabilities	(127,075)	(129,928)
Net cash provided by operating activities	<u>132,443</u>	<u>100,083</u>
Cash flows used in investing activities:		
Proceeds from disposal of property, fixtures and equipment	1,717	6,164
Proceeds from sale-leaseback transactions, net	3,052	4,695
Capital expenditures	(80,773)	(92,528)
Other investments, net	2,150	(275)
Net cash used in investing activities	<u>\$ (73,854)</u>	<u>\$ (81,944)</u>

(CONTINUED...)

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

	TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018
Cash flows used in financing activities:		
Repayments of long-term debt	\$ (14,031)	\$ (12,876)
Proceeds from borrowings on revolving credit facilities, net	408,000	266,829
Repayments of borrowings on revolving credit facilities	(321,200)	(234,500)
Proceeds from the exercise of share-based compensation, net	1,420	33,119
Distributions to noncontrolling interests	(4,007)	(3,372)
Contributions from noncontrolling interests	465	1,320
Purchase of limited partnership and noncontrolling interests	(41)	(1,443)
Repayments of partner deposits and accrued partner obligations	(8,662)	(9,646)
Repurchase of common stock	(106,992)	(81,000)
Cash dividends paid on common stock	(18,367)	(16,734)
Net cash used in financing activities	(63,415)	(58,303)
Effect of exchange rate changes on cash and cash equivalents	(157)	(3,164)
Net decrease in cash, cash equivalents and restricted cash	(4,983)	(43,328)
Cash, cash equivalents and restricted cash as of the beginning of the period	71,823	129,543
Cash, cash equivalents and restricted cash as of the end of the period	\$ 66,840	\$ 86,215
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 25,263	\$ 20,488
Cash paid for income taxes, net of refunds	11,309	6,675
Supplemental disclosures of non-cash investing and financing activities:		
Leased assets obtained in exchange for new operating lease liabilities	\$ 33,679	\$ —
Leased assets obtained in exchange for new finance lease liabilities	194	—
(Decrease) increase in liabilities from the acquisition of property, fixtures and equipment or capital leases	(5,494)	1,430

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

BLOOMIN' BRANDS, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)****1. Description of the Business and Basis of Presentation**

Description of the Business - Bloomin' Brands ("Bloomin' Brands" or the "Company") owns and operates casual, upscale casual and fine dining restaurants. The Company's restaurant portfolio has four concepts: Outback Steakhouse, Carrabba's Italian Grill, Bonefish Grill and Fleming's Prime Steakhouse & Wine Bar. Additional Outback Steakhouse, Carrabba's Italian Grill and Bonefish Grill restaurants in which the Company has no direct investment are operated under franchise agreements.

Basis of Presentation - 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 fair financial statement presentation 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 30, 2018.

Recently Adopted Financial Accounting Standards - On December 31, 2018, the Company adopted Accounting Standards Update ("ASU") No. 2016-02: Leases (Topic 842) ("ASU No. 2016-02"), ASU No. 2018-01: Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842 ("ASU No. 2018-01"), and ASU No. 2018-11: Leases (Topic 842): Targeted Improvements ("ASU No. 2018-11"). ASU No. 2016-02 requires the lease rights and obligations arising from lease contracts, including existing and new arrangements, to be recognized as assets and liabilities on the balance sheet. ASU No. 2018-01 allows an entity to elect an optional transition practical expedient to not evaluate land easements that exist or expired before the Company's adoption of ASU No. 2016-02. ASU No. 2018-11 allows for an additional transition method, which permits use of the effective date of adoption as the date of initial application of ASU No. 2016-02 without restating comparative period financial statements and provides entities with a practical expedient that allows entities to elect not to separate lease and non-lease components when certain conditions are met.

The Company adopted ASU No. 2016-02 using December 31, 2018 as the date of initial application. Consequently, financial information and the disclosures required under the new standard were not provided for dates and periods before December 31, 2018. The Company also elected a transition package including practical expedients that permitted it not to reassess the classification and initial direct costs of expired or existing contracts and leases, to not separate lease and non-lease components of restaurant facility leases executed subsequent to adoption, and to not evaluate land easements that exist or expired before the adoption. In preparation for adoption, the Company implemented a new lease accounting system.

Adoption resulted in the following, as of December 31, 2018:

- (i) recording of right-of-use assets of \$1.3 billion and lease liabilities of \$1.5 billion;
- (ii) a credit to the beginning balance of Accumulated Deficit of \$190.4 million to derecognize deferred gains on sale-leaseback transactions and a debit to the beginning balance of Accumulated Deficit of \$49.2 million to derecognize the related deferred tax assets; and
- (iii) derecognition of existing debt obligations of \$19.6 million and existing fixed assets of \$16.1 million related to restaurant properties sold and leased back from third parties that previously did not qualify for sale accounting, with gains or losses associated with this change recognized in Accumulated Deficit.

Other restaurant operating expense increased during the thirteen and twenty-six weeks ended June 30, 2019 from the adoption of ASU No. 2016-02 since the Company no longer recognizes the benefit of deferred gains on sale-leaseback

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

transactions through its statements of operations over the corresponding lease term. During the thirteen and twenty-six weeks ended July 1, 2018, the Company recognized \$3.0 million and \$6.1 million, respectively, of sale-leaseback deferred gain amortization.

As a result of adoption of ASU No. 2016-02, the Company recorded reclassification adjustments to certain balances that were recorded under Accounting Standards Codification Topic 840, "Leases" ("ASC 840") in its Consolidated Balance Sheet as of December 30, 2018. The following table summarizes accounts with material reclassification adjustments which impacted Operating lease right-of-use assets as a part of the adoption of ASU No. 2016-02:

ACCOUNT	CONSOLIDATED BALANCE SHEET CLASSIFICATION UNDER ASC 840
Favorable leases	Intangible assets, net
Deferred rent	Deferred rent
Unfavorable leases	Other long-term liabilities, net
Exit-related lease accruals	Other long-term liabilities, net

In addition, rent payments that were recorded within prepaid assets under ASC 840 are now recorded as a reduction of the current portion of operating lease liabilities.

Recently Issued Financial Accounting Standards Not Yet Adopted - In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," ("ASU No. 2016-13"), which requires measurement and recognition of expected versus incurred losses for financial instruments. ASU No. 2016-13 is effective for the Company in the first quarter of 2020, with early adoption permitted. The Company is currently evaluating the impact of the adoption of ASU No. 2016-13 on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, "Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract," ("ASU No. 2018-15"), which clarifies the accounting for implementation costs in cloud computing arrangements. ASU No. 2018-15 is effective for the Company in the first quarter of 2020, and early adoption is permitted. The Company is currently evaluating the impact of the adoption of ASU No. 2018-15 on its consolidated financial statements.

Reclassifications - The Company reclassified certain items in the accompanying Consolidated Financial Statements for prior periods to be comparable with the classification for the current period. These reclassifications had no effect on previously reported net income.

2. Revenue Recognition

The following table includes the categories of revenue included in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss) for the periods indicated:

(dollars in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018	JUNE 30, 2019	JULY 1, 2018
Revenues				
Restaurant sales	\$ 1,005,687	\$ 1,015,484	\$ 2,117,329	\$ 2,114,487
Franchise and other revenues:				
Franchise revenue	\$ 12,792	\$ 13,134	\$ 26,554	\$ 27,349
Other revenue	3,451	3,196	6,178	6,443
Total Franchise and other revenues	\$ 16,243	\$ 16,330	\$ 32,732	\$ 33,792
Total revenues	\$ 1,021,930	\$ 1,031,814	\$ 2,150,061	\$ 2,148,279

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

The following tables include the disaggregation of Restaurant sales and Franchise revenue, by restaurant concept and major international markets, for the periods indicated:

(dollars in thousands)	THIRTEEN WEEKS ENDED			
	JUNE 30, 2019		JULY 1, 2018	
	RESTAURANT SALES	FRANCHISE REVENUE	RESTAURANT SALES	FRANCHISE REVENUE
U.S.				
Outback Steakhouse	\$ 527,049	\$ 9,586	\$ 521,719	\$ 10,157
Carrabba's Italian Grill (1)	150,000	626	163,454	157
Bonefish Grill	148,065	200	149,054	233
Fleming's Prime Steakhouse & Wine Bar	74,397	—	73,312	—
Other	1,105	—	1,398	—
U.S. Total	\$ 900,616	\$ 10,412	\$ 908,937	\$ 10,547
International				
Outback Steakhouse-Brazil	\$ 83,985	\$ —	\$ 87,809	\$ —
Other	21,086	2,380	18,738	2,587
International Total	\$ 105,071	\$ 2,380	\$ 106,547	\$ 2,587
Total	\$ 1,005,687	\$ 12,792	\$ 1,015,484	\$ 13,134

(dollars in thousands)	TWENTY-SIX WEEKS ENDED			
	JUNE 30, 2019		JULY 1, 2018	
	RESTAURANT SALES	FRANCHISE REVENUE	RESTAURANT SALES	FRANCHISE REVENUE
U.S.				
Outback Steakhouse	\$ 1,113,820	\$ 20,187	\$ 1,093,198	\$ 21,231
Carrabba's Italian Grill (1)	323,475	797	337,381	304
Bonefish Grill	304,499	410	305,903	473
Fleming's Prime Steakhouse & Wine Bar	157,423	—	154,302	—
Other	2,212	—	2,497	—
U.S. Total	\$ 1,901,429	\$ 21,394	\$ 1,893,281	\$ 22,008
International				
Outback Steakhouse-Brazil	\$ 173,550	\$ —	\$ 182,932	\$ —
Other	42,350	5,160	38,274	5,341
International Total	\$ 215,900	\$ 5,160	\$ 221,206	\$ 5,341
Total	\$ 2,117,329	\$ 26,554	\$ 2,114,487	\$ 27,349

(1) In March 2019, the Company sold 18 Carrabba's Italian Grill locations, which are now operated as franchises.

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

The following table includes a detail of assets and liabilities from contracts with customers included on the Company's Consolidated Balance Sheets as of the periods indicated:

(dollars in thousands)	JUNE 30, 2019		DECEMBER 30, 2018	
Other current assets, net				
Deferred gift card sales commissions	\$	10,488	\$	16,431
Unearned revenue				
Deferred gift card revenue	\$	227,372	\$	333,794
Deferred loyalty revenue		9,448		8,424
Deferred franchise fees - current		484		490
Total Unearned revenue	\$	237,304	\$	342,708
Other long-term liabilities, net				
Deferred franchise fees - non-current	\$	4,737	\$	4,531

The following table is a rollforward of deferred gift card sales commissions for the periods indicated:

(dollars in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018	JUNE 30, 2019	JULY 1, 2018
Balance, beginning of period	\$ 11,195	\$ 10,039	\$ 16,431	\$ 16,231
Deferred gift card sales commissions amortization	(5,682)	(5,804)	(14,089)	(15,219)
Deferred gift card sales commissions capitalization	5,399	5,400	9,232	9,258
Other	(424)	(460)	(1,086)	(1,095)
Balance, end of period	\$ 10,488	\$ 9,175	\$ 10,488	\$ 9,175

The following table is a rollforward of unearned gift card revenue for the periods indicated:

(dollars in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018	JUNE 30, 2019	JULY 1, 2018
Balance, beginning of period	\$ 240,923	\$ 227,783	\$ 333,794	\$ 323,628
Gift card sales	75,658	78,837	131,130	135,122
Gift card redemptions	(84,942)	(88,496)	(226,401)	(233,052)
Gift card breakage	(4,267)	(4,838)	(11,151)	(12,412)
Balance, end of period	\$ 227,372	\$ 213,286	\$ 227,372	\$ 213,286

3. Disposals

Refranchising - During the thirteen weeks ended March 31, 2019, the Company completed the sale of 18 of its existing U.S. Company-owned Carrabba's Italian Grill locations to an existing franchisee (the "Buyer") for aggregate cash proceeds of \$3.6 million, net of certain purchase price adjustments.

The Company remains contingently liable on certain real estate lease agreements assigned to the Buyer. See Note 16 - *Commitments and Contingencies* for additional details regarding lease guarantees.

Surplus Property Disposals - In March 2019, the Company signed a purchase agreement to sell five of its U.S. surplus properties to an Outback Steakhouse franchisee for \$12.8 million, less certain purchase price adjustments. These properties were reclassified from Property, fixtures and equipment, net to Assets held for sale during the thirteen weeks ended March 31, 2019. The sale of these properties is expected to be completed during 2019.

BLOOMIN' BRANDS, INC.
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) - Continued**
4. Impairments and Exit Costs

The components of Provision for impaired assets and restaurant closings are as follows for the periods indicated:

(dollars in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018	JUNE 30, 2019	JULY 1, 2018
Impairment losses				
U.S.	\$ 165	\$ 284	\$ 3,629	\$ 395
International	1,767	4,437	1,785	6,597
Total impairment losses	\$ 1,932	\$ 4,721	\$ 5,414	\$ 6,992
Restaurant closure expenses				
U.S.	\$ 8	\$ 674	\$ 95	\$ 1,022
International	—	3,494	17	3,614
Total restaurant closure expenses	\$ 8	\$ 4,168	\$ 112	\$ 4,636
Provision for impaired assets and restaurant closings	\$ 1,940	\$ 8,889	\$ 5,526	\$ 11,628

International Restructuring - During the thirteen and twenty-six weeks ended June 30, 2019, the Company recognized asset impairment and closure charges of \$1.8 million related to the restructuring of certain international markets, including Puerto Rico. During the thirteen and twenty-six weeks ended July 1, 2018, the Company recognized asset impairment and closure charges of \$6.9 million and \$9.2 million, respectively, related to the restructuring of certain international markets, including China.

The remaining impairment and closing charges for the periods presented resulted primarily from approved store closure initiatives, locations identified for remodel, relocation or closure and certain other assets.

Accrued Facility Closure and Other Costs Rollforward - The following table summarizes the Company's accrual activity related to facility closure and other costs, associated with certain closure initiatives, for the period indicated:

(dollars in thousands)	TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	
Balance, beginning of the period	\$	18,094
Additions (1)		1,288
Cash payments		(3,594)
Accretion		663
Adjustments		(406)
Balance, end of the period (2)	\$	16,045

(1) Includes closure initiative related lease liabilities recognized as a result of the adoption of ASU No. 2016-02.

(2) As of June 30, 2019, the Company had exit-related accruals related to certain closure initiatives of \$3.3 million recorded in Accrued and other current liabilities and \$12.7 million recorded in Non-current operating lease liabilities on its Consolidated Balance Sheet.

Annual Goodwill and Intangible Asset Impairment Assessment - The Company performs its annual assessment for impairment of goodwill and other indefinite-lived intangible assets during its second fiscal quarter. The Company's 2019 assessment utilized a qualitative assessment and its 2018 assessment utilized a quantitative approach. In connection with these assessments, the Company did not record any impairment charges.

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

The following table presents the computation of basic and diluted earnings per share for the periods indicated:

(in thousands, except per share data)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018	JUNE 30, 2019	JULY 1, 2018
Net income attributable to Bloomin' Brands	\$ 29,021	\$ 26,721	\$ 93,321	\$ 92,119
Basic weighted average common shares outstanding	90,194	92,120	90,805	92,194
Effect of diluted securities:				
Stock options	561	1,861	676	2,406
Nonvested restricted stock units	198	380	278	452
Nonvested performance-based share units	—	—	48	20
Diluted weighted average common shares outstanding	90,953	94,361	91,807	95,072
Basic earnings per share	\$ 0.32	\$ 0.29	\$ 1.03	\$ 1.00
Diluted earnings per share	\$ 0.32	\$ 0.28	\$ 1.02	\$ 0.97

Securities outstanding not included in the computation of earnings per share because their effect was antidilutive were as follows, for the periods indicated:

(shares in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018	JUNE 30, 2019	JULY 1, 2018
Stock options	4,214	2,133	3,799	2,041
Nonvested restricted stock units	200	16	211	63
Nonvested performance-based share units	330	197	295	180

6. Stock-based Compensation Plans

The Company recognized stock-based compensation expense as follows for the periods indicated:

(dollars in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018	JUNE 30, 2019	JULY 1, 2018
Stock options	\$ 1,413	\$ 1,628	\$ 2,572	\$ 3,526
Restricted stock units	2,410	2,455	4,159	4,787
Performance-based share units	1,254	1,874	2,257	2,470
	\$ 5,077	\$ 5,957	\$ 8,988	\$ 10,783

During the twenty-six weeks ended June 30, 2019, the Company made grants of 1.2 million stock options, 0.5 million time-based restricted stock units and 0.2 million performance-based share units.

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

Assumptions used in the Black-Scholes option pricing model and the weighted-average fair value of option awards granted were as follows for the periods indicated:

	TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018
Assumptions:		
Weighted-average risk-free interest rate (1)	2.39%	2.66%
Dividend yield (2)	1.92%	1.50%
Expected term (3)	4.7 years	5.8 years
Weighted-average volatility (4)	30.96%	32.76%
Weighted-average grant date fair value per option	\$ 5.11	\$ 7.23

- (1) Risk-free interest rate is the U.S. Treasury yield curve in effect as of the grant date for periods within the expected term of the option.
(2) Dividend yield is the level of dividends expected to be paid on the Company's common stock over the expected term of the option.
(3) Expected term represents the period of time that the options are expected to be outstanding. The Company estimates the expected term based on historical exercise experience for its stock options.
(4) Based on the historical volatility of the Company's stock.

Restricted stock units granted prior to 2019 generally vest over a period of four years and restricted stock units granted after 2018 generally vest over a period of three years, in an equal number of shares each year.

The following represents unrecognized stock compensation expense and the remaining weighted-average vesting period as of June 30, 2019:

	UNRECOGNIZED COMPENSATION EXPENSE (dollars in thousands)	REMAINING WEIGHTED- AVERAGE VESTING PERIOD (in years)
Stock options	\$ 10,583	2.3
Restricted stock units	\$ 19,055	2.4
Performance-based share units	\$ 8,601	1.7

7. Other Current Assets, Net

Other current assets, net, consisted of the following as of the periods indicated:

(dollars in thousands)	JUNE 30, 2019	DECEMBER 30, 2018
Prepaid expenses	\$ 21,213	\$ 38,117
Accounts receivable - gift cards, net	16,485	91,242
Accounts receivable - vendors, net	10,494	10,029
Accounts receivable - franchisees, net	1,628	1,303
Accounts receivable - other, net	17,094	19,688
Deferred gift card sales commissions	10,488	16,431
Assets held for sale	16,669	5,143
Other current assets, net	3,750	8,895
	<u>\$ 97,821</u>	<u>\$ 190,848</u>

BLOOMIN' BRANDS, INC.
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) - Continued**
8. Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following as of the periods indicated:

(dollars in thousands)	JUNE 30, 2019	DECEMBER 30, 2018
Accrued rent and current operating lease liabilities	\$ 173,335	\$ 2,850
Accrued payroll and other compensation	88,121	101,249
Accrued insurance	24,253	22,055
Other current liabilities	85,370	120,499
	<u>\$ 371,079</u>	<u>\$ 246,653</u>

9. Long-term Debt, Net

Following is a summary of outstanding long-term debt, as of the periods indicated:

(dollars in thousands)	JUNE 30, 2019		DECEMBER 30, 2018	
	OUTSTANDING BALANCE	INTEREST RATE	OUTSTANDING BALANCE	INTEREST RATE
Senior Secured Credit Facility:				
Term loan A (1)	\$ 462,500	4.14%	\$ 475,000	4.14%
Revolving credit facility (1)	686,300	4.18%	599,500	4.17%
Total Senior Secured Credit Facility	<u>\$ 1,148,800</u>		<u>\$ 1,074,500</u>	
Finance lease liabilities	3,127		—	
Financing obligations	—		19,562	7.58% to 7.82%
Capital lease obligations	—		3,297	
Other	50	2.18%	918	0.00% to 2.18%
Less: unamortized debt discount and issuance costs	(3,082)		(3,502)	
Total debt, net	<u>\$ 1,148,895</u>		<u>\$ 1,094,775</u>	
Less: current portion of long-term debt	(26,706)		(27,190)	
Long-term debt, net	<u>\$ 1,122,189</u>		<u>\$ 1,067,585</u>	

(1) Interest rate represents the weighted-average interest rate for the respective periods.

Debt Covenants - As of June 30, 2019 and December 30, 2018, the Company was in compliance with its debt covenants.

10. Other Long-term Liabilities, Net

Other long-term liabilities, net, consisted of the following, as of the periods indicated:

(dollars in thousands)	JUNE 30, 2019	DECEMBER 30, 2018
Accrued insurance liability	\$ 33,617	\$ 33,771
Unfavorable leases (1)	—	32,120
Chef and Restaurant Managing Partner deferred compensation obligations and deposits	53,614	64,766
Other long-term liabilities	58,887	60,876
	<u>\$ 146,118</u>	<u>\$ 191,533</u>

(1) Net of accumulated amortization of \$36.2 million as of December 30, 2018.

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

Share Repurchases - On February 12, 2019, the Company's Board of Directors (the "Board") canceled the remaining \$36.0 million of authorization under the 2018 Share Repurchase Program and approved a new \$150.0 million authorization (the "2019 Share Repurchase Program"). The 2019 Share Repurchase Program will expire on August 12, 2020. As of June 30, 2019, \$43.0 million remained available for repurchase under the 2019 Share Repurchase Program. Following is a summary of the shares repurchased under the Company's share repurchase program during fiscal year 2019:

(in thousands, except per share data)	NUMBER OF SHARES	AVERAGE REPURCHASE PRICE PER SHARE	AMOUNT
Second fiscal quarter	5,469	\$ 19.56	\$ 106,992

Dividends - The Company declared and paid dividends per share during fiscal year 2019 as follows:

(in thousands, except per share data)	DIVIDENDS PER SHARE	AMOUNT
First fiscal quarter	\$ 0.10	\$ 9,140
Second fiscal quarter	0.10	9,227
Total cash dividends declared and paid	\$ 0.20	\$ 18,367

In July 2019, the Board declared a quarterly cash dividend of \$0.10 per share, payable on August 21, 2019, to shareholders of record at the close of business on August 12, 2019.

Accumulated Other Comprehensive Loss ("AOCL") - Following are the components of AOCL as of the periods indicated:

(dollars in thousands)	JUNE 30, 2019	DECEMBER 30, 2018
Foreign currency translation adjustment	\$ (137,886)	\$ (135,149)
Unrealized loss on derivatives, net of tax	(19,460)	(7,606)
Accumulated other comprehensive loss	\$ (157,346)	\$ (142,755)

Following are the components of Other comprehensive loss attributable to Bloomin' Brands for the periods indicated:

(dollars in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018	JUNE 30, 2019	JULY 1, 2018
Foreign currency translation adjustment	\$ (8,584)	\$ (30,402)	\$ (2,737)	\$ (29,036)
Unrealized (loss) gain on derivatives, net of tax (1)	\$ (7,239)	\$ 296	\$ (11,620)	\$ 1,184
Reclassification of adjustments for loss (gain) on derivatives included in Net income, net of tax (2)	130	71	(234)	379
Total unrealized (loss) gain on derivatives, net of tax	\$ (7,109)	\$ 367	\$ (11,854)	\$ 1,563
Other comprehensive loss attributable to Bloomin' Brands	\$ (15,693)	\$ (30,035)	\$ (14,591)	\$ (27,473)

- (1) Unrealized (loss) gain on derivatives is net of tax of \$(2.5) million and \$0.1 million for the thirteen weeks ended June 30, 2019 and July 1, 2018, respectively, and \$(4.0) million and \$0.4 million for the twenty-six weeks ended June 30, 2019 and July 1, 2018, respectively.
- (2) Reclassifications of adjustments for loss (gain) on derivatives are net of tax. See Note 12 - *Derivative Instruments and Hedging Activities* for discussion of the tax impact of reclassifications.

BLOOMIN' BRANDS, INC.
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) - Continued**
12. Derivative Instruments and Hedging Activities

Cash Flow Hedges of Interest Rate Risk - On October 24, 2018 and October 25, 2018, the Company entered into variable-to-fixed interest rate swap agreements with 12 counterparties to hedge a portion of the cash flows of the Company's variable rate debt. The swap agreements have an aggregate notional amount of \$550.0 million and mature on November 30, 2022. Under the terms of the swap agreements, the Company pays a weighted-average fixed rate of 3.04% on the notional amount and receives payments from the counterparty based on the one-month LIBOR rate.

The Company's swap agreements have been designated and qualify as cash flow hedges, are recognized on its Consolidated Balance Sheets at fair value and are classified based on the instruments' maturity dates. The Company estimates \$6.5 million will be reclassified to interest expense over the next 12 months. The following table presents the fair value and classification of the Company's swap agreements, as of the periods indicated:

(dollars in thousands)	JUNE 30, 2019		DECEMBER 30, 2018		CONSOLIDATED BALANCE SHEET CLASSIFICATION
Interest rate swaps - asset (1)	\$	—	\$	765	Other current assets, net
Interest rate swaps - liability	\$	6,524	\$	1,393	Accrued and other current liabilities
Interest rate swaps - liability		19,803		9,723	Other long-term liabilities, net
Total fair value of derivative instruments - liabilities (1)	\$	26,327	\$	11,116	

(1) See Note 14 - *Fair Value Measurements* for fair value discussion of the interest rate swaps.

The following table summarizes the effects of the swap agreements on Net income for the periods indicated:

(dollars in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018	JUNE 30, 2019	JULY 1, 2018
Interest rate swap (expense) benefit recognized in Interest expense, net	\$ (175)	\$ (95)	\$ 316	\$ (510)
Income tax benefit (expense) recognized in Provision (benefit) for income taxes	45	24	(82)	131
Total effects of the interest rate swaps on Net income	\$ (130)	\$ (71)	\$ 234	\$ (379)

By utilizing the interest rate swaps, the Company is exposed to credit-related losses in the event that the counterparty fails to perform under the terms of the derivative contract. To mitigate this risk, the Company enters into derivative contracts with major financial institutions based upon credit ratings and other factors. The Company continually assesses the creditworthiness of its counterparties. As of June 30, 2019, all counterparties to the interest rate swaps had performed in accordance with their contractual obligations.

The Company has agreements with each of its derivative counterparties that contain a provision where the Company could be declared in default on its derivative obligations if the repayment of the underlying indebtedness is accelerated by the lender due to the Company's default on indebtedness.

As of June 30, 2019 and December 30, 2018, the fair value of the Company's interest rate swaps was in a net liability position, including accrued interest but excluding any adjustment for nonperformance risk, of \$26.6 million and \$10.5 million, respectively. As of June 30, 2019 and December 30, 2018, the Company has not posted any collateral related to these agreements. If the Company had breached any of these provisions as of June 30, 2019 and December 30, 2018, it could have been required to settle its obligations under the agreements at their termination value of \$26.6 million and \$10.5 million, respectively.

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

13. Leases

The Company's determination of whether an arrangement contains a lease is based on an evaluation of whether the arrangement conveys the right to use and control specific property or equipment. The Company leases restaurant and office facilities and certain equipment under operating leases primarily having initial terms expiring between one and 20 years. Restaurant facility leases generally have renewal periods totaling five to 20 years, exercisable at the option of the Company. Contingent rentals represent payment of variable lease obligations based on a percentage of gross revenues, as defined by the terms of the applicable lease agreement for certain restaurant facility leases. The Company also has certain leases, which reset periodically based on a specified index. Such leases are recorded using the index that existed at lease commencement. Subsequent changes in the index are recorded as variable rental payments. Variable rental payments are expensed as incurred in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss) and future variable rent obligations are not included within the lease liabilities in the Consolidated Balance Sheet. The depreciable life of lease assets and leasehold improvements are limited by the expected lease term. None of the Company's leases contain any material residual value guarantees or material restrictive covenants.

For restaurant facility leases executed subsequent to the adoption of ASU No. 2016-02, the Company accounts for fixed lease and non-lease components as a single lease component. Additionally, for certain equipment leases, the Company applies a portfolio approach to account for the lease assets and liabilities. Leases with an initial term of 12 months or less are not recorded on its Consolidated Balance Sheet, they are recognized on a straight-line basis over the lease term within Other restaurant operating expense in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss).

The following table includes a detail of lease assets and liabilities included on the Company's Consolidated Balance Sheet as of the period indicated:

(dollars in thousands)	CONSOLIDATED BALANCE SHEET CLASSIFICATION	JUNE 30, 2019
Operating lease right-of-use assets	Operating lease right-of-use assets	\$ 1,275,303
Finance lease right-of-use assets (1)	Property, fixtures and equipment, net	2,821
Total lease assets, net		<u>\$ 1,278,124</u>
Current operating lease liabilities (2)	Accrued and other current liabilities	\$ 171,263
Current finance lease liabilities	Current portion of long-term debt	1,656
Non-current operating lease liabilities	Non-current operating lease liabilities	1,284,574
Non-current finance lease liabilities	Long-term debt, net	1,471
		<u>\$ 1,458,964</u>

(1) Net of accumulated amortization of \$0.7 million.

(2) Excludes accrued contingent percentage rent.

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

Following is a summary of expenses and income related to leases recognized in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss) for the periods indicated:

(dollars in thousands)	CONSOLIDATED INCOME STATEMENT CLASSIFICATION	THIRTEEN WEEKS ENDED	TWENTY-SIX WEEKS ENDED
		JUNE 30, 2019	JUNE 30, 2019
Operating leases (1)	Other restaurant operating	\$ 45,079	\$ 90,312
Variable lease cost	Other restaurant operating	746	1,565
Finance leases			
Amortization of leased assets	Depreciation and amortization	360	684
Interest on lease liabilities	Interest expense, net	72	145
Sublease revenue (2)	Franchise and other revenues	(1,792)	(3,106)
Lease costs, net (3)		\$ 44,465	\$ 89,600

- (1) Excludes rent expense for office facilities and Company-owned closed or subleased properties for the thirteen and twenty-six weeks ended June 30, 2019 of \$3.7 million and \$7.2 million, respectively, which is included in General and administrative expense and certain supply chain related rent expense of \$0.3 million and \$0.6 million, respectively, which is included in Cost of sales.
- (2) Excludes rental income from Company-owned properties for the thirteen and twenty-six weeks ended June 30, 2019 of \$0.7 million and \$1.4 million, respectively.
- (3) During the thirteen and twenty-six weeks ended July 1, 2018, the Company recorded rent expense of \$45.7 million and \$93.0 million, respectively, including variable rent expense of \$1.0 million and \$2.3 million, respectively, and sublease revenue of \$1.5 million and \$3.1 million, respectively.

As of June 30, 2019, future minimum lease payments and sublease revenues under non-cancelable leases are as follows:

(dollars in thousands)	OPERATING LEASES	FINANCE LEASES	SUBLEASE REVENUES
Year 1 (1)	\$ 178,680	\$ 1,705	\$ (5,956)
Year 2	192,056	1,202	(6,050)
Year 3	187,827	521	(5,980)
Year 4	184,545	7	(5,967)
Year 5	179,329	5	(5,908)
Thereafter	1,753,411	3	(66,453)
Total minimum lease payments (receipts) (2)	\$ 2,675,848	\$ 3,443	\$ (96,314)
Less: Interest	(1,220,011)	(316)	
Present value of future lease payments (receipts)	\$ 1,455,837	\$ 3,127	

- (1) Net of operating lease prepaid rent of \$14.7 million.
- (2) Includes \$1.0 billion related to options to extend operating lease terms and excludes \$112.3 million of signed operating leases that have not yet commenced.

The following table is a summary of the weighted-average remaining lease terms and weighted-average discount rates of the Company's leases as of the period indicated:

	JUNE 30, 2019
Weighted-average remaining lease term:	
Operating leases	14.6 years
Finance leases	2.3 years
Weighted-average discount rate (1):	
Operating leases	8.58%
Finance leases	9.11%

- (1) Based on the Company's incremental borrowing rate at lease commencement.

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

The following table is a summary of other impacts to the Company's Consolidated Financial Statements related to its leases for the period indicated:

(dollars in thousands)	TWENTY-SIX WEEKS ENDED JUNE 30, 2019	
Cash flows from operating activities:		
Cash paid for amounts included in the measurement of operating lease liabilities	\$	95,532

Properties Leased to Third Parties - The Company leases certain land and buildings to third parties, generally related to closed or refranchised restaurants. The following table is a summary of assets leased to third parties as of the period indicated:

(dollars in thousands)	JUNE 30, 2019	
Land (1)	\$	15,247
Buildings and building improvements	\$	23,120
Less: accumulated depreciation		(10,210)
Buildings and building improvements, net (1)	\$	12,910

(1) Includes \$5.6 million of Land and \$6.5 million of Building and building improvements, net recorded within assets held for sale as of June 30, 2019.

14. Fair Value Measurements

Fair value is the price that would be received for an asset or paid to transfer a liability, or the exit price, in an orderly transaction between market participants on the measurement date. Fair value is categorized into one of the following three levels based on the lowest level of significant input:

Level 1	Unadjusted quoted market prices in active markets for identical assets or liabilities
Level 2	Observable inputs available at measurement date other than quoted prices included in Level 1
Level 3	Unobservable inputs that cannot be corroborated by observable market data

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

Fair Value Measurements on a Recurring Basis - The following table summarizes the Company's financial assets and liabilities measured at fair value by hierarchy level on a recurring basis as of the periods indicated:

(dollars in thousands)	JUNE 30, 2019			DECEMBER 30, 2018		
	TOTAL	LEVEL 1	LEVEL 2	TOTAL	LEVEL 1	LEVEL 2
Assets:						
Cash equivalents:						
Fixed income funds	\$ 511	\$ 511	\$ —	\$ 627	\$ 627	\$ —
Money market funds	6,655	6,655	—	17,827	17,827	—
Restricted cash equivalents:						
Money market funds	2,187	2,187	—	—	—	—
Other current assets, net:						
Derivative instruments - interest rate swaps	—	—	—	765	—	765
Total asset recurring fair value measurements	\$ 9,353	\$ 9,353	\$ —	\$ 19,219	\$ 18,454	\$ 765
Liabilities:						
Accrued and other current liabilities:						
Derivative instruments - interest rate swaps	\$ 6,524	\$ —	\$ 6,524	\$ 1,393	\$ —	\$ 1,393
Other long-term liabilities:						
Derivative instruments - interest rate swaps	19,803	—	19,803	9,723	—	9,723
Total liability recurring fair value measurements	\$ 26,327	\$ —	\$ 26,327	\$ 11,116	\$ —	\$ 11,116

Fair value of each class of financial instrument is determined based on the following:

FINANCIAL INSTRUMENT	METHODS AND ASSUMPTIONS
Fixed income funds and Money market funds	Carrying value approximates fair value because maturities are less than three months.
Derivative instruments	The Company's derivative instruments include interest rate swaps. Fair value measurements are based on the contractual terms of the derivatives and use observable market-based inputs. The interest rate swaps are valued using a discounted cash flow analysis on the expected cash flows of each derivative using observable inputs including interest rate curves and credit spreads. The Company also considers its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. As of June 30, 2019 and December 30, 2018, the Company has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives.

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

Fair Value Measurements on a Nonrecurring Basis - Assets and liabilities that are measured at fair value on a nonrecurring basis relate primarily to property, fixtures and equipment, operating lease right-of-use assets, goodwill and other intangible assets, which are remeasured when carrying value exceeds fair value. The following table summarizes the Company's assets measured at fair value by hierarchy level on a nonrecurring basis, for the periods indicated:

(dollars in thousands)	THIRTEEN WEEKS ENDED			
	JUNE 30, 2019		JULY 1, 2018	
	CARRYING VALUE	TOTAL IMPAIRMENT	CARRYING VALUE (2)	TOTAL IMPAIRMENT
Operating lease right-of-use assets (1)	\$ 114	\$ 1,770	\$ —	\$ —
Property, fixtures and equipment (1)	466	162	1,060	4,721
	<u>\$ 580</u>	<u>\$ 1,932</u>	<u>\$ 1,060</u>	<u>\$ 4,721</u>

(dollars in thousands)	TWENTY-SIX WEEKS ENDED			
	JUNE 30, 2019		JULY 1, 2018	
	CARRYING VALUE	TOTAL IMPAIRMENT	CARRYING VALUE (2)	TOTAL IMPAIRMENT
Assets held for sale (2)	\$ 2,149	\$ 215	\$ 50	\$ 50
Operating lease right-of-use assets (1)	2,356	2,366	—	—
Property, fixtures and equipment (1)	956	2,833	1,380	6,942
	<u>\$ 5,461</u>	<u>\$ 5,414</u>	<u>\$ 1,430</u>	<u>\$ 6,992</u>

(1) Carrying value approximates fair value. Carrying values for Operating lease right-of-use assets and Property, fixtures and equipment measured using Level 3 inputs to estimate fair value totaled \$0.1 million and \$0.5 million, respectively, during the thirteen weeks ended June 30, 2019 and \$2.1 million and \$1.0 million, respectively, during the twenty-six weeks ended June 30, 2019. Level 2 inputs were used to estimate the fair value for all other assets measured in the periods presented. Third-party market appraisals (Level 2) and discounted cash flow models (Level 3) were used to estimate fair value.

(2) Carrying value approximates fair value with all assets measured using third-party market appraisals or executed sales contracts (Level 2).

Interim Disclosures about Fair Value of Financial Instruments - The Company's non-derivative financial instruments consist of cash equivalents, accounts receivable, accounts payable and current and long-term debt. The fair values of cash equivalents, accounts receivable and accounts payable approximate their carrying amounts reported in its Consolidated Balance Sheets due to their short duration.

Debt is carried at amortized cost; however, the Company estimates the fair value of debt for disclosure purposes. The following table includes the carrying value and fair value of the Company's debt by hierarchy level as of the periods indicated:

(dollars in thousands)	JUNE 30, 2019		DECEMBER 30, 2018	
	CARRYING VALUE	FAIR VALUE LEVEL 2	CARRYING VALUE	FAIR VALUE LEVEL 2
Senior Secured Credit Facility:				
Term loan A	\$ 462,500	\$ 462,500	\$ 475,000	\$ 464,906
Revolving credit facility	\$ 686,300	\$ 683,726	\$ 599,500	\$ 590,508

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

15. Income Taxes

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018	JUNE 30, 2019	JULY 1, 2018
Effective income tax rate	3.9%	(23.7)%	6.6%	(3.6)%

The effective income tax rate for the thirteen and twenty-six weeks ended June 30, 2019 increased by 27.6 and 10.2 percentage points, respectively, as compared to the thirteen and twenty-six weeks ended July 1, 2018. These increases were primarily due to favorable discrete items recorded in the thirteen and twenty-six weeks ended July 1, 2018, which included excess tax benefits from equity-based compensation arrangements.

The Company has a blended federal and state statutory rate of approximately 26%. The effective income tax rates for the thirteen and twenty-six weeks ended June 30, 2019 were lower than the statutory rate primarily due to the benefit of tax credits for FICA taxes on certain employees' tips.

16. Commitments and Contingencies

Litigation and Other Matters - The Company had \$2.4 million and \$2.8 million of liabilities recorded for various legal matters as of June 30, 2019 and December 30, 2018, respectively.

The Company is subject to legal proceedings, claims and liabilities, such as liquor liability, slip and fall cases, wage-and-hour and other employment-related litigation, which arise in the ordinary course of business and are generally covered by insurance if they exceed specified retention or deductible amounts. In the opinion of management, the amount of ultimate liability with respect to those actions will not have a material adverse impact on the Company's financial position or results of operations and cash flows.

Lease Guarantees - The Company assigned its interest, and is contingently liable, under certain real estate leases. These leases have varying terms, the latest of which expires in 2032. As of June 30, 2019, the undiscounted payments that the Company could be required to make in the event of non-payment by the primary lessees was approximately \$34.0 million. The present value of these potential payments discounted at the Company's incremental borrowing rate as of June 30, 2019 was approximately \$25.1 million. In the event of default, the indemnity clauses in the Company's purchase and sale agreements govern its ability to pursue and recover damages incurred. The Company believes the financial strength and operating history of the lessees' significantly reduces the risk that it will be required to make payments under these leases. Accordingly, no liability has been recorded.

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

The Company considers its restaurant concepts and international markets as operating segments, which reflects how the Company manages its business, reviews operating performance and allocates resources. Resources are allocated and performance is assessed by the Company's Chief Executive Officer ("CEO"), whom the Company has determined to be its Chief Operating Decision Maker ("CODM"). The Company aggregates its operating segments into two reportable segments, U.S. and International. The U.S. segment includes all restaurants operating in the U.S. while restaurants operating outside the U.S. are included in the International segment. The following is a summary of reporting segments:

REPORTABLE SEGMENT (1)	CONCEPT	GEOGRAPHIC LOCATION
U.S.	Outback Steakhouse Carrabba's Italian Grill Bonfish Grill Fleming's Prime Steakhouse & Wine Bar	United States of America
International	Outback Steakhouse Carrabba's Italian Grill (Abbraccio)	Brazil, Hong Kong/China Brazil

(1) Includes franchise locations.

Segment accounting policies are the same as those described in Note 2 - *Summary of Significant Accounting Policies* in the Company's Annual Report on Form 10-K for the year ended December 30, 2018. Revenues for all segments include only transactions with customers and exclude intersegment revenues. Excluded from Income from operations for U.S. and International are certain legal and corporate costs not directly related to the performance of the segments, most stock-based compensation expenses and certain bonus expenses.

The following table is a summary of Total revenue by segment, for the periods indicated:

(dollars in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018	JUNE 30, 2019	JULY 1, 2018
Total revenues				
U.S.	\$ 914,219	\$ 922,355	\$ 1,928,726	\$ 1,921,062
International	107,711	109,459	221,335	227,217
Total revenues	\$ 1,021,930	\$ 1,031,814	\$ 2,150,061	\$ 2,148,279

The following table is a reconciliation of Segment income (loss) from operations to Income before provision (benefit) for income taxes, for the periods indicated:

(dollars in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018	JUNE 30, 2019	JULY 1, 2018
Segment income (loss) from operations				
U.S.	\$ 78,814	\$ 76,913	\$ 191,849	\$ 186,047
International	6,909	(2,049)	20,629	6,276
Total segment income from operations	85,723	74,864	212,478	192,323
Unallocated corporate operating expense	(42,263)	(41,940)	(86,524)	(81,028)
Total income from operations	43,460	32,924	125,954	111,295
Other income (expense), net	12	(6)	(156)	(5)
Interest expense, net	(12,448)	(11,319)	(23,629)	(21,629)
Income before provision (benefit) for income taxes	\$ 31,024	\$ 21,599	\$ 102,169	\$ 89,661

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

The following table is a summary of Depreciation and amortization expense by segment for the periods indicated:

(dollars in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018	JUNE 30, 2019	JULY 1, 2018
Depreciation and amortization				
U.S.	\$ 38,916	\$ 39,993	\$ 77,702	\$ 79,267
International	6,749	6,714	13,205	13,446
Corporate	4,123	4,075	8,363	8,189
Total depreciation and amortization	\$ 49,788	\$ 50,782	\$ 99,270	\$ 100,902

Geographic Areas — International assets are defined as assets residing in a country other than the U.S. The following table details long-lived assets, excluding operating lease right-of-use assets, goodwill, intangible assets and deferred tax assets, by major geographic area as of the periods indicated:

(dollars in thousands)	JUNE 30, 2019	DECEMBER 30, 2018
U.S.	\$ 1,035,172	\$ 1,107,679
International		
Brazil	124,811	115,560
Other	15,280	13,663
Total assets	\$ 1,175,263	\$ 1,236,902

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 (the "Report") 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 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, although not all forward-looking statements are accompanied by such terms. 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 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. 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. Important factors that could cause actual results to differ materially from statements made or suggested by forward-looking statements include, but are not limited to, the following:

- (i) Consumer reactions to public health and food safety issues;
- (ii) Our ability to compete in the highly competitive restaurant industry with many well-established competitors and new market entrants;
- (iii) Minimum wage increases and additional mandated employee benefits;
- (iv) Economic conditions and their effects on consumer confidence and discretionary spending, consumer traffic, the cost and availability of credit and interest rates;
- (v) Our ability to protect our information technology systems from interruption or security breach, including cyber security threats, and to protect consumer data and personal employee information;
- (vi) Fluctuations in the price and availability of commodities;
- (vii) Our ability to comply with governmental laws and regulations, the costs of compliance with such laws and regulations and the effects of changes to applicable laws and regulations, including tax laws and unanticipated liabilities;

BLOOMIN' BRANDS, INC.

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

- (viii) Our ability to effectively respond to changes in patterns of consumer traffic, consumer tastes and dietary habits;
- (ix) Our ability to implement our remodeling, relocation and expansion plans due to uncertainty in locating and acquiring attractive sites on acceptable terms, obtaining required permits and approvals, recruiting and training necessary personnel, obtaining adequate financing and estimating the performance of newly opened, remodeled or relocated restaurants;
- (x) The effects of international economic, political and social conditions and legal systems on our foreign operations and on foreign currency exchange rates;
- (xi) Our ability to preserve and grow the reputation and value of our brands, particularly in light of changes in consumer engagement with social media platforms;
- (xii) Any impairment in the carrying value of our goodwill or other intangible or long-lived assets and its effect on our financial condition and results of operations;
- (xiii) Strategic actions, including acquisitions and dispositions, and our success in implementing these initiatives or integrating any acquired or newly created businesses;
- (xiv) Seasonal and periodic fluctuations in our results and the effects of significant adverse weather conditions and other disasters or unforeseen events;
- (xv) The effects of our substantial leverage and restrictive covenants in our various credit facilities on our ability to raise additional capital to fund our operations, to make capital expenditures to invest in new or renovate restaurants and to react to changes in the economy or our industry, and our exposure to interest rate risk in connection with our variable-rate debt;
- (xvi) The adequacy of our cash flow and earnings and other conditions which may affect our ability to pay dividends and repurchase shares of our common stock; and
- (xvii) Such other factors as discussed in Part I, Item IA. Risk Factors of our Annual Report on Form 10-K for the year ended December 30, 2018.

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 - Continued****Overview**

We are one of the largest casual dining restaurant companies in the world with a portfolio of leading, differentiated restaurant concepts. As of June 30, 2019, we owned and operated 1,170 restaurants and franchised 297 restaurants across 48 states, Puerto Rico, Guam and 20 countries. We have four founder-inspired concepts: Outback Steakhouse, Carrabba's Italian Grill, Bonefish Grill and Fleming's Prime Steakhouse & Wine Bar.

Executive Summary

Our financial results for the thirteen weeks ended June 30, 2019 ("second quarter of 2019") include the following:

- A decrease in Total revenues of 1.0% in the second quarter of 2019, as compared to the second quarter of 2018, primarily due to foreign currency translation and domestic refranchising, partially offset by higher comparable restaurant sales and the net impact of restaurant openings and closures.
- Income from operations of \$43.5 million in the second quarter of 2019, as compared to \$32.9 million in the second quarter of 2018, increased primarily due to higher comparable restaurant sales and the impact of certain cost savings initiatives. These increases were partially offset by labor and commodity inflation, and the impact of deferred gain amortization no longer recognized upon adoption of the new lease standard.

Refranchising - During the thirteen weeks ended March 31, 2019, we completed the sale of 18 of our existing U.S. Company-owned Carrabba's Italian Grill locations to an existing franchisee for aggregate cash proceeds of \$3.6 million, net of certain purchase price adjustments. See Note 3 - *Disposals* of our Notes to Consolidated Financial Statements for additional details.

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 (excluding gift card breakage) per restaurant to measure changes in customer traffic, pricing and development of the brand;
- *Comparable restaurant sales*—year-over-year comparison of sales volumes (excluding gift card breakage) for 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 and franchise restaurants, regardless of ownership, to interpret the overall health of our brands;
- *Restaurant-level operating margin, Income from operations, Net income and Diluted earnings per share* — financial measures utilized to evaluate our operating performance.

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

Restaurant-level operating margin is widely regarded in the industry as a useful metric to evaluate restaurant level operating efficiency and performance of ongoing restaurant-level operations, and we use it for these purposes, overall and particularly within our two segments. Our restaurant-level operating margin is expressed as the percentage of our Restaurant sales that Cost of sales, Labor and other related and Other restaurant operating (including advertising expenses) represent, in each case as such items are reflected in our Consolidated Statements of Operations. The following categories of our revenue and operating expenses are not included in restaurant-level operating margin because we do not consider them reflective of operating performance at the restaurant-level within a period:

- (i) Franchise and other revenues which are earned primarily from franchise royalties and other non-food and beverage revenue streams, such as rental and sublease income.
- (ii) Depreciation and amortization which, although substantially all of which is related to restaurant-level assets, represent historical sunk costs rather than cash outlays for the restaurants.
- (iii) General and administrative expense which includes primarily non-restaurant-level costs associated with support of the restaurants and other activities at our corporate offices.
- (iv) Asset impairment charges and restaurant closing costs which are not reflective of ongoing restaurant performance in a period.

Restaurant-level operating margin excludes various expenses, as discussed above, that are essential to support the operations of our restaurants and may materially impact our Consolidated Statement of Operations. As a result, restaurant-level operating margin is not indicative of our consolidated results of operations and is presented exclusively as a supplement to, and not a substitute for, Net income or Income from operations. In addition, our presentation of restaurant-level operating margin may not be comparable to similarly titled measures used by other companies in our industry;

- *Adjusted restaurant-level operating margin, Adjusted income from operations, Adjusted net income and Adjusted diluted earnings per share*—non-GAAP financial measures utilized to evaluate our operating performance.

We believe that our use of non-GAAP financial measures permits investors to assess the operating performance of our business relative to our performance based on U.S. GAAP results and relative to other companies within the restaurant industry by isolating the effects of certain items that may 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 or will not recur. We believe that the disclosure of these non-GAAP measures is useful to investors as they form part of the basis for how our management team and Board of Directors evaluate our operating performance, allocate resources and administer employee incentive plans; and

- *Customer satisfaction scores*—measurement of our customers' experiences in a variety of key areas.

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

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

Number of restaurants (at end of the period):	JUNE 30, 2019	JULY 1, 2018
U.S.		
Outback Steakhouse		
Company-owned	579	583
Franchised	148	154
Total	727	737
Carrabba's Italian Grill		
Company-owned (1)	205	224
Franchised (1)	21	3
Total	226	227
Bonefish Grill		
Company-owned	190	192
Franchised	7	7
Total	197	199
Fleming's Prime Steakhouse & Wine Bar		
Company-owned	69	70
Other		
Company-owned	3	5
U.S. Total	1,222	1,238
International		
Company-owned		
Outback Steakhouse - Brazil (2)	97	92
Other	27	31
Franchised		
Outback Steakhouse - South Korea	70	74
Other	51	55
International Total	245	252
System-wide total	1,467	1,490

(1) In March 2019, we sold 18 Carrabba's Italian Grill locations, which are now operated as franchises.

(2) The restaurant counts for Brazil are reported as of May 31, 2019 and 2018, respectively, to correspond with the balance sheet dates of this subsidiary.

BLOOMIN' BRANDS, INC.
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued**
Results of Operations

The following table sets forth, for the periods indicated, the percentages of certain items in our Consolidated Statements of Operations in relation to Total revenues or Restaurant sales, as indicated:

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018	JUNE 30, 2019	JULY 1, 2018
Revenues				
Restaurant sales	98.4 %	98.4 %	98.5 %	98.4 %
Franchise and other revenues	1.6	1.6	1.5	1.6
Total revenues	100.0	100.0	100.0	100.0
Costs and expenses				
Cost of sales (1)	31.1	31.8	31.4	31.9
Labor and other related (1)	30.0	29.7	29.3	29.0
Other restaurant operating (1)	24.0	23.5	23.2	23.3
Depreciation and amortization	4.9	4.9	4.6	4.7
General and administrative	7.0	7.4	6.6	6.7
Provision for impaired assets and restaurant closings	0.2	0.9	0.3	0.5
Total costs and expenses	95.7	96.8	94.1	94.8
Income from operations	4.3	3.2	5.9	5.2
Other income (expense), net	*	(*)	(*)	(*)
Interest expense, net	(1.3)	(1.1)	(1.1)	(1.0)
Income before provision (benefit) for income taxes	3.0	2.1	4.8	4.2
Provision (benefit) for income taxes	0.1	(0.5)	0.4	(0.1)
Net income	2.9	2.6	4.4	4.3
Less: net income attributable to noncontrolling interests	0.1	*	0.1	*
Net income attributable to Bloomin' Brands	2.8 %	2.6 %	4.3 %	4.3 %

(1) As a percentage of Restaurant sales.

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

RESTAURANT SALES

Following is a summary of the change in Restaurant sales for the periods indicated:

(dollars in millions)	THIRTEEN WEEKS ENDED	TWENTY-SIX WEEKS ENDED
For the periods ended July 1, 2018	\$ 1,015.4	\$ 2,114.5
Change from:		
Effect of foreign currency translation	(12.6)	(28.9)
Divestiture of restaurants through refranchising transactions	(10.8)	(11.4)
Restaurant closings	(8.6)	(18.8)
Restaurant openings	12.3	25.3
Comparable restaurant sales	10.0	36.6
For the periods ended June 30, 2019	\$ 1,005.7	\$ 2,117.3

The decrease in Restaurant sales during the thirteen weeks ended June 30, 2019 was primarily due to: (i) the effect of foreign currency translation of the Brazilian Real relative to the U.S. dollar, (ii) domestic refranchising and (iii) the closing of 33 restaurants since April 1, 2018. The decrease in restaurant sales was partially offset by the opening of 28 new restaurants not included in our comparable restaurant sales base and higher comparable restaurant sales.

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

The increase in Restaurant sales during the twenty-six weeks ended June 30, 2019 was primarily due to higher comparable restaurant sales and the opening of 34 new restaurants not included in our comparable restaurant sales base. The increase in restaurant sales was partially offset by: (i) the effect of foreign currency translation of the Brazilian Real relative to the U.S. dollar, (ii) the closing of 37 restaurants since December 31, 2017 and (iii) domestic refranchising.

Average Restaurant Unit Volumes and Operating Weeks

Following is a summary of the average restaurant unit volumes and operating weeks, for the periods indicated:

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018	JUNE 30, 2019	JULY 1, 2018
Average restaurant unit volumes (weekly):				
U.S.				
Outback Steakhouse	\$ 69,497	\$ 68,290	\$ 73,344	\$ 71,366
Carrabba's Italian Grill	\$ 56,285	\$ 56,131	\$ 58,188	\$ 57,809
Bonefish Grill	\$ 60,018	\$ 59,642	\$ 61,833	\$ 60,923
Fleming's Prime Steakhouse & Wine Bar	\$ 81,754	\$ 80,563	\$ 86,496	\$ 85,344
International				
Outback Steakhouse - Brazil (1)	\$ 66,829	\$ 74,225	\$ 70,754	\$ 79,324
Operating weeks:				
U.S.				
Outback Steakhouse	7,538	7,586	15,065	15,180
Carrabba's Italian Grill	2,665	2,912	5,559	5,836
Bonefish Grill	2,467	2,499	4,925	5,021
Fleming's Prime Steakhouse & Wine Bar	910	910	1,820	1,808
International				
Outback Steakhouse - Brazil	1,257	1,183	2,453	2,306

(1) Translated at average exchange rates of 3.91 and 3.43 for the thirteen weeks ended June 30, 2019 and July 1, 2018, respectively, and 3.85 and 3.34 for the twenty-six weeks ended June 30, 2019 and July 1, 2018, respectively.

BLOOMIN' BRANDS, INC.
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued**
Comparable Restaurant Sales, Traffic and Average Check Per Person Increases (Decreases)

Following is a summary of comparable restaurant sales, traffic and average check per person increases (decreases), for the periods indicated:

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018	JUNE 30, 2019	JULY 1, 2018
Year over year percentage change:				
Comparable restaurant sales (stores open 18 months or more) (1):				
U.S.				
Outback Steakhouse	1.3 %	4.0 %	2.4 %	4.2 %
Carrabba's Italian Grill	(1.6)%	(0.6)%	(0.6)%	0.3 %
Bonefish Grill	0.1 %	1.5 %	1.0 %	0.7 %
Fleming's Prime Steakhouse & Wine Bar	1.6 %	0.3 %	1.1 %	1.6 %
Combined U.S.	0.6 %	2.4 %	1.6 %	2.7 %
International				
Outback Steakhouse - Brazil (2)	3.5 %	(6.1)%	3.6 %	(2.6)%
Traffic:				
U.S.				
Outback Steakhouse	(1.6)%	0.6 %	(1.0)%	1.5 %
Carrabba's Italian Grill	(1.4)%	(5.8)%	(1.4)%	(5.7)%
Bonefish Grill	(1.5)%	(1.2)%	(1.7)%	(1.9)%
Fleming's Prime Steakhouse & Wine Bar	3.6 %	(7.7)%	0.8 %	(4.9)%
Combined U.S.	(1.4)%	(1.2)%	(1.2)%	(0.6)%
International				
Outback Steakhouse - Brazil	1.2 %	(7.7)%	(0.7)%	(4.7)%
Average check per person (3):				
U.S.				
Outback Steakhouse	2.9 %	3.4 %	3.4 %	2.7 %
Carrabba's Italian Grill	(0.2)%	5.2 %	0.8 %	6.0 %
Bonefish Grill	1.6 %	2.7 %	2.7 %	2.6 %
Fleming's Prime Steakhouse & Wine Bar	(2.0)%	8.0 %	0.3 %	6.5 %
Combined U.S.	2.0 %	3.6 %	2.8 %	3.3 %
International				
Outback Steakhouse - Brazil	2.1 %	1.9 %	4.4 %	2.4 %

(1) Comparable restaurant sales exclude the effect of fluctuations in foreign currency rates. Relocated international restaurants closed more than 30 days and relocated U.S. restaurants closed more than 60 days are excluded from comparable restaurant sales until at least 18 months after reopening.

(2) Includes trading day impact from calendar period reporting.

(3) Average check per person includes the impact of menu pricing changes, product mix and discounts.

BLOOMIN' BRANDS, INC.
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued**
Franchise and other revenues

(dollars in millions)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018	JUNE 30, 2019	JULY 1, 2018
Franchise revenues (1)	\$ 12.8	\$ 13.1	\$ 26.6	\$ 27.4
Other revenues	3.4	3.2	6.1	6.4
Franchise and other revenues	\$ 16.2	\$ 16.3	\$ 32.7	\$ 33.8

(1) Represents franchise royalties, advertising fees and initial franchise fees.

COSTS AND EXPENSES
Cost of sales

(dollars in millions)	THIRTEEN WEEKS ENDED			TWENTY-SIX WEEKS ENDED		
	JUNE 30, 2019	JULY 1, 2018	Change	JUNE 30, 2019	JULY 1, 2018	Change
Cost of sales	\$ 312.7	\$ 322.8		\$ 664.8	\$ 674.9	
% of Restaurant sales	31.1%	31.8%	(0.7)%	31.4%	31.9%	(0.5)%

Cost of sales decreased as a percentage of Restaurant sales during the thirteen weeks ended June 30, 2019 as compared to the thirteen weeks ended July 1, 2018 primarily due to 0.7% from increases in average check per person and 0.4% from the impact of certain cost saving initiatives, partially offset by an increase as a percentage of Restaurant sales of 0.4% from commodity cost inflation.

Cost of sales decreased as a percentage of Restaurant sales during the twenty-six weeks ended June 30, 2019 as compared to the twenty-six weeks ended July 1, 2018 primarily due to 0.7% from increases in average check per person and 0.3% from the impact of certain cost saving initiatives, partially offset by an increase as a percentage of Restaurant sales of 0.5% from commodity cost inflation.

Labor and other related expenses

(dollars in millions)	THIRTEEN WEEKS ENDED			TWENTY-SIX WEEKS ENDED		
	JUNE 30, 2019	JULY 1, 2018	Change	JUNE 30, 2019	JULY 1, 2018	Change
Labor and other related	\$ 301.2	\$ 301.9		\$ 620.2	\$ 613.0	
% of Restaurant sales	30.0%	29.7%	0.3%	29.3%	29.0%	0.3%

Labor and other related expenses increased as a percentage of Restaurant sales during the thirteen weeks ended June 30, 2019 as compared to the thirteen weeks ended July 1, 2018 primarily due to 0.7% from higher labor costs due to wage rate increases, partially offset by decreases as a percentage of Restaurant sales of 0.3% from increases in average check per person and 0.3% from the impact of certain cost saving initiatives.

Labor and other related expenses increased as a percentage of Restaurant sales during the twenty-six weeks ended June 30, 2019 as compared to the twenty-six weeks ended July 1, 2018 primarily due to 0.7% from higher labor costs due to wage rate increases, partially offset by a decrease as a percentage of Restaurant sales of 0.5% from increases in average check per person.

BLOOMIN' BRANDS, INC.
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued**
Other restaurant operating expenses

(dollars in millions)	THIRTEEN WEEKS ENDED			TWENTY-SIX WEEKS ENDED		
	JUNE 30, 2019	JULY 1, 2018	Change	JUNE 30, 2019	JULY 1, 2018	Change
Other restaurant operating	\$ 240.9	\$ 238.4		\$ 491.7	\$ 491.7	
% of Restaurant sales	24.0%	23.5%	0.5%	23.2%	23.3%	(0.1)%

Other restaurant operating expenses increased as a percentage of Restaurant sales during the thirteen weeks ended June 30, 2019 as compared to the thirteen weeks ended July 1, 2018 primarily due to: (i) 0.6% from additional expense related to the rollout of delivery services, (ii) 0.4% from operating expense inflation and (iii) 0.3% from the impact of deferred gains on sale-leaseback transactions no longer recognized in 2019 as a result of adoption of the new lease accounting standard, partially offset by decreases as a percentage of Restaurant sales of 0.5% from the impact of certain cost saving initiatives and 0.3% from increases in average check per person.

Other restaurant operating expenses decreased as a percentage of Restaurant sales during the twenty-six weeks ended June 30, 2019 as compared to the twenty-six weeks ended July 1, 2018 primarily due to 0.4% from increases in average check per person and 0.4% from the impact of certain cost saving initiatives, partially offset by increases as a percentage of Restaurant sales of 0.4% from additional expense related to the rollout of delivery services and 0.3% from the impact of deferred gains on sale-leaseback transactions no longer recognized in 2019 as a result of adoption of the new lease accounting standard.

General and administrative

General and administrative expense includes salaries and benefits, management incentive programs, related payroll tax and benefits, other employee-related costs and professional services. Following is a summary of the change in general and administrative expense for the periods indicated below:

(dollars in millions)	THIRTEEN WEEKS ENDED	TWENTY-SIX WEEKS ENDED
For the periods ended July 1, 2018	\$ 76.1	\$ 144.8
Change from:		
Foreign currency exchange	(0.9)	(2.0)
Employee stock-based compensation	(0.7)	(1.5)
Severance	(0.2)	2.8
Other	(2.3)	(1.6)
For the periods ended June 30, 2019	\$ 72.0	\$ 142.5

Provision for impaired assets and restaurant closings

(dollars in millions)	THIRTEEN WEEKS ENDED			TWENTY-SIX WEEKS ENDED		
	JUNE 30, 2019	JULY 1, 2018	Change	JUNE 30, 2019	JULY 1, 2018	Change
Provision for impaired assets and restaurant closings	\$ 1.9	\$ 8.9	\$ (7.0)	\$ 5.5	\$ 11.6	\$ (6.1)

During the thirteen and twenty-six weeks ended June 30, 2019, we recognized asset impairment and closure charges of \$1.8 million related to the restructuring of certain international markets, including Puerto Rico. During the thirteen and twenty-six weeks ended July 1, 2018, we recognized asset impairment and closure charges of \$6.9 million and \$9.2 million, respectively, related to the restructuring of certain international markets, including China.

The remaining impairment and closing charges for the periods presented resulted primarily from approved store closure initiatives, locations identified for remodel, relocation or closure and certain other assets.

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

See Note 4 - *Impairments and Exit Costs* of the Notes to Consolidated Financial Statements for further information.

Income from operations

(dollars in millions)	THIRTEEN WEEKS ENDED			TWENTY-SIX WEEKS ENDED		
	JUNE 30, 2019	JULY 1, 2018	Change	JUNE 30, 2019	JULY 1, 2018	Change
Income from operations	\$ 43.5	\$ 32.9	\$ 10.6	\$ 126.0	\$ 111.3	\$ 14.7
% of Total revenues	4.3%	3.2%	1.1%	5.9%	5.2%	0.7%

The increase in income from operations generated during the thirteen and twenty-six weeks ended June 30, 2019 as compared to the thirteen and twenty-six weeks ended July 1, 2018 was primarily due to higher comparable restaurant sales and the impact of certain cost savings initiatives. These increases were partially offset by labor and commodity inflation, the impact of deferred gain amortization no longer recognized upon adoption of the new lease standard and additional expense related to the rollout of delivery services.

Interest expense, net

(dollars in millions)	THIRTEEN WEEKS ENDED			TWENTY-SIX WEEKS ENDED		
	JUNE 30, 2019	JULY 1, 2018	Change	JUNE 30, 2019	JULY 1, 2018	Change
Interest expense, net	\$ 12.4	\$ 11.3	\$ 1.1	\$ 23.6	\$ 21.6	\$ 2.0

The increase in Interest expense, net for the thirteen weeks ended June 30, 2019 is primarily due to higher interest rates, partially offset by the derecognition of certain debt obligations due to adoption of the new lease accounting standard.

The increase in Interest expense, net for the twenty-six weeks ended June 30, 2019 is primarily due to higher interest rates, partially offset from the derecognition of certain debt obligations due to adoption of the new lease accounting standard and lower interest expense from our derivative instruments.

Provision (benefit) for income taxes

	THIRTEEN WEEKS ENDED			TWENTY-SIX WEEKS ENDED		
	JUNE 30, 2019	JULY 1, 2018	Change	JUNE 30, 2019	JULY 1, 2018	Change
Effective income tax rate	3.9%	(23.7)%	27.6%	6.6%	(3.6)%	10.2%

The effective income tax rate for the thirteen and twenty-six weeks ended June 30, 2019 increased by 27.6 and 10.2 percentage points, respectively, as compared to the thirteen and twenty-six weeks ended July 1, 2018. These increases were primarily due to favorable discrete items recorded in the thirteen and twenty-six weeks ended July 1, 2018, which included excess tax benefits from equity-based compensation arrangements.

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

We consider our restaurant concepts and international markets as operating segments, which reflects how we manage our business, review operating performance and allocate resources. Resources are allocated and performance is assessed by our CEO, whom we have determined to be our CODM. We aggregate our operating segments into two reportable segments, U.S. and International. The U.S. segment includes all restaurants operating in the U.S. while restaurants operating outside the U.S. are included in the International segment. The following is a summary of reporting segments:

REPORTABLE SEGMENT (1)	CONCEPT	GEOGRAPHIC LOCATION
U.S.	Outback Steakhouse Carrabba's Italian Grill Bonfish Grill Fleming's Prime Steakhouse & Wine Bar	United States of America
International	Outback Steakhouse Carrabba's Italian Grill (Abbraccio)	Brazil, Hong Kong/China Brazil

(1) Includes franchise locations.

Revenues for both segments include only transactions with customers and exclude intersegment revenues. Excluded from income from operations for U.S. and International are legal and certain corporate costs not directly related to the performance of the segments, certain stock-based compensation expenses and certain bonus expenses.

Refer to Note 17 - *Segment Reporting* of the Notes to Consolidated Financial Statements for a reconciliation of segment income (loss) from operations to the consolidated operating results.

Restaurant-level operating margin is widely regarded in the industry as a useful metric to evaluate restaurant-level operating efficiency and performance of ongoing restaurant-level operations, and we use it for these purposes, overall and particularly within our two segments. See the *Overview-Key Performance Indicators* section of Management's Discussion and Analysis for additional details regarding the calculation of restaurant-level operating margin.

U.S. Segment

(dollars in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018	JUNE 30, 2019	JULY 1, 2018
Revenues				
Restaurant sales	\$ 900,616	\$ 908,937	\$ 1,901,429	\$ 1,893,281
Franchise and other revenues	13,603	13,418	27,297	27,781
Total revenues	\$ 914,219	\$ 922,355	\$ 1,928,726	\$ 1,921,062
Restaurant-level operating margin	14.5%	14.5%	15.6%	15.4%
Income from operations	\$ 78,814	\$ 76,913	\$ 191,849	\$ 186,047
Operating income margin	8.6%	8.3%	9.9%	9.7%

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

Following is a summary of the change in U.S. segment Restaurant sales for the periods indicated:

(dollars in millions)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
For the periods ended July 1, 2018	\$	908.9	\$	1,893.3
Change from:				
Divestiture of restaurants through franchising transactions		(10.8)		(11.4)
Restaurant closings		(6.3)		(13.9)
Comparable restaurant sales		5.4		27.3
Restaurant openings		3.4		6.1
For the periods ended June 30, 2019	\$	900.6	\$	1,901.4

The decrease in U.S. Restaurant sales during the thirteen weeks ended June 30, 2019 was primarily due to the franchising of certain Company-owned restaurants and the closing of 16 restaurants since April 1, 2018. The decrease in restaurant sales was partially offset by higher comparable restaurant sales and the opening of nine new restaurants not included in our comparable restaurant sales base.

The increase in U.S. Restaurant sales during the twenty-six weeks ended June 30, 2019 was primarily due to higher comparable restaurant sales and the opening of ten new restaurants not included in our comparable restaurant sales base. The increase in restaurant sales was partially offset by the closing of 19 restaurants since December 31, 2017 and the franchising of certain Company-owned restaurants.

Income from operations

The increase in U.S. income from operations generated during the thirteen weeks ended June 30, 2019 as compared to the thirteen weeks ended July 1, 2018, was primarily due to the impact of certain cost savings initiatives and higher comparable restaurant sales. These increases were partially offset by labor and commodity inflation, the impact of deferred gain amortization no longer recognized upon adoption of the new lease standard and additional expense related to the rollout of delivery services.

The increase in U.S. income from operations generated during the twenty-six weeks ended June 30, 2019 as compared to the twenty-six weeks ended July 1, 2018, was primarily due to higher comparable restaurant sales and the impact of certain cost savings initiatives. These increases were partially offset by labor and commodity inflation, the impact of deferred gain amortization no longer recognized upon adoption of the new lease standard and additional expense related to the rollout of delivery services.

International Segment

(dollars in thousands)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018	JUNE 30, 2019	JULY 1, 2018
Revenues				
Restaurant sales	\$ 105,071	\$ 106,547	\$ 215,900	\$ 221,206
Franchise and other revenues	2,640	2,912	5,435	6,011
Total revenues	\$ 107,711	\$ 109,459	\$ 221,335	\$ 227,217
Restaurant-level operating margin	18.4%	17.7%	20.4%	18.6%
Income (loss) from operations	\$ 6,909	\$ (2,049)	\$ 20,629	\$ 6,276
Operating income (loss) margin	6.4%	(1.9)%	9.3%	2.8%

BLOOMIN' BRANDS, INC.

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

Restaurant sales

Following is a summary of the change in International segment Restaurant sales for the periods indicated:

(dollars in millions)	THIRTEEN WEEKS ENDED	TWENTY-SIX WEEKS ENDED
For the periods ended July 1, 2018	\$ 106.5	\$ 221.2
Change from:		
Effect of foreign currency translation	(12.6)	(28.9)
Restaurant closings	(2.3)	(4.9)
Restaurant openings	8.9	19.2
Comparable restaurant sales	4.6	9.3
For the periods ended June 30, 2019	<u>\$ 105.1</u>	<u>\$ 215.9</u>

The decrease in Restaurant sales during the thirteen weeks ended June 30, 2019 was primarily due to the effect of foreign currency translation of the Brazilian Real relative to the U.S. dollar and the closing of 17 restaurants since April 1, 2018. The decrease in restaurant sales was partially offset by the opening of 19 new restaurants not included in our comparable restaurant sales base and higher comparable restaurant sales.

The decrease in Restaurant sales during the twenty-six weeks ended June 30, 2019 was primarily due to the effect of foreign currency translation of the Brazilian Real relative to the U.S. dollar and the closing of 18 restaurants since December 31, 2017. The decrease in restaurant sales was partially offset by the opening of 24 new restaurants not included in our comparable restaurant sales base and higher comparable restaurant sales.

Income from operations

The increase in International income from operations during the thirteen weeks ended June 30, 2019 as compared to the thirteen weeks ended July 1, 2018 was primarily due to: (i) lower impairment and restaurant closing costs, (ii) higher comparable restaurant sales and (iii) lower General and administrative expense, primarily from lower severance costs and the effects of foreign currency exchange. These increases were partially offset by commodity, labor and operating expense inflation.

The increase in International income from operations during the twenty-six weeks ended June 30, 2019 as compared to the twenty-six weeks ended July 1, 2018 was primarily due to: (i) lower impairment and restaurant closing costs, (ii) higher comparable restaurant sales and (iii) lower General and administrative expense, primarily from the effects of foreign currency exchange. These increases were partially offset by commodity inflation.

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

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. Management 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. System-wide sales comprise sales of Company-owned and franchised restaurants. For a summary of sales of Company-owned restaurants, refer to Note 2 - *Revenue Recognition* of the Notes to Consolidated Financial Statements.

The following table provides a summary of sales of franchised restaurants, which are not included in our consolidated financial results. Franchise sales within this table 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 and in determining our royalties and/or service fees.

(dollars in millions)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018	JUNE 30, 2019	JULY 1, 2018
U.S.				
Outback Steakhouse	\$ 125	\$ 129	\$ 263	\$ 269
Carrabba's Italian Grill (1)	14	2	17	5
Bonefish Grill	3	4	7	8
U.S. Total	\$ 142	\$ 135	\$ 287	\$ 282
International				
Outback Steakhouse-South Korea	\$ 47	\$ 49	\$ 104	\$ 102
Other	26	27	53	55
International Total	\$ 73	\$ 76	\$ 157	\$ 157
Total franchise sales (2)	\$ 215	\$ 211	\$ 444	\$ 439

(1) In March 2019, we sold 18 Carrabba's Italian Grill locations, which are now operated as franchises.

(2) Franchise sales are not included in Total revenues in the Consolidated Statements of Operations and Comprehensive Income (Loss).

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

Adjusted restaurant-level operating margin - The following table shows the percentages of certain operating cost financial statement line items in relation to Restaurant sales:

	THIRTEEN WEEKS ENDED			
	JUNE 30, 2019		JULY 1, 2018	
	U.S. GAAP	ADJUSTED	U.S. GAAP	ADJUSTED (1)
Restaurant sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	31.1%	31.1%	31.8%	31.8%
Labor and other related	30.0%	30.0%	29.7%	29.7%
Other restaurant operating	24.0%	23.9%	23.5%	23.6%
Restaurant-level operating margin	15.0%	15.0%	15.0%	14.9%

	TWENTY-SIX WEEKS ENDED			
	JUNE 30, 2019		JULY 1, 2018	
	U.S. GAAP	ADJUSTED	U.S. GAAP	ADJUSTED (1)
Restaurant sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	31.4%	31.4%	31.9%	31.9%
Labor and other related	29.3%	29.3%	29.0%	29.0%
Other restaurant operating	23.2%	23.2%	23.3%	23.4%
Restaurant-level operating margin	16.1%	16.1%	15.8%	15.7%

(1) Includes unfavorable adjustments recorded in Other restaurant operating for the following activities, as described in the *Adjusted income from operations, Adjusted net income and Adjusted diluted earnings per share* table below for the periods indicated:

(dollars in millions)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JULY 1, 2018		JULY 1, 2018	
Restaurant and asset impairments and closing costs	\$	1.4	\$	2.2
Restaurant relocations and related costs		0.2		0.4
	\$	1.6	\$	2.6

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

Adjusted income from operations, Adjusted net income and Adjusted diluted earnings per share

(in thousands, except per share data)	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018	JUNE 30, 2019	JULY 1, 2018
Income from operations	\$ 43,460	\$ 32,924	\$ 125,954	\$ 111,295
<i>Operating income margin</i>	4.3%	3.2%	5.9%	5.2%
Adjustments:				
Restaurant and asset impairments and closing costs (1)	\$ 2,039	\$ 7,886	\$ 4,170	\$ 9,181
Restaurant relocations and related costs (2)	952	1,353	1,984	3,078
Severance (3)	748	—	3,603	965
Legal and contingent matters	—	288	—	758
Total income from operations adjustments	\$ 3,739	\$ 9,527	\$ 9,757	\$ 13,982
Adjusted income from operations	\$ 47,199	\$ 42,451	\$ 135,711	\$ 125,277
<i>Adjusted operating income margin</i>	4.6%	4.1%	6.3%	5.8%
Net income attributable to Bloomin' Brands	\$ 29,021	\$ 26,721	\$ 93,321	\$ 92,119
Adjustments:				
Income from operations adjustments	3,739	9,527	9,757	13,982
Total adjustments, before income taxes	3,739	9,527	9,757	13,982
Adjustment to provision for income taxes (4)	(413)	(438)	(1,232)	(2,119)
Net adjustments	3,326	9,089	8,525	11,863
Adjusted net income	\$ 32,347	\$ 35,810	\$ 101,846	\$ 103,982
Diluted earnings per share	\$ 0.32	\$ 0.28	\$ 1.02	\$ 0.97
Adjusted diluted earnings per share	\$ 0.36	\$ 0.38	\$ 1.11	\$ 1.09
Diluted weighted average common shares outstanding	90,953	94,361	91,807	95,072

- (1) Represents asset impairment charges and related costs primarily associated with approved closure and restructuring initiatives, and the restructuring of certain international markets.
- (2) Represents asset impairment charges and accelerated depreciation incurred in connection with our relocation program.
- (3) Relates to severance expense incurred as a result of restructuring activities.
- (4) Represents income tax effect of the adjustments for the periods presented.

Liquidity and Capital Resources
LIQUIDITY

Our liquidity sources consist of cash flow from our operations, cash and cash equivalents and credit capacity under our credit facilities. We expect to use cash primarily for general operating expenses, share repurchases and dividend payments, payments on our debt, remodeling or relocating older restaurants, obligations related to our deferred compensation plans and investments in technology.

We believe that our expected liquidity sources are adequate to fund debt service requirements, lease obligations, capital expenditures and working capital obligations for at least the next 12 months following this filing and beyond. 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.

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

Cash and Cash Equivalents - As of June 30, 2019, we had \$64.7 million in cash and cash equivalents, of which \$14.5 million was held by foreign affiliates. The international jurisdictions in which we have significant cash do not have any known restrictions that would prohibit repatriation.

As of June 30, 2019, we had aggregate accumulated foreign earnings of approximately \$89.4 million. This amount consisted primarily of historical earnings from 2017 and prior that were previously taxed in the U.S. under the 2017 Tax Cuts and Jobs Act and post-2017 foreign earnings, which we may repatriate to the U.S. without additional U.S. federal income tax. These amounts are no longer considered indefinitely reinvested in our foreign subsidiaries.

Closure Initiatives - Total aggregate future undiscounted cash expenditures of \$12.0 million to \$14.7 million related to lease liabilities for certain closure initiatives are expected to occur over the remaining lease terms with the final term ending in January 2029.

Capital Expenditures - We estimate that our capital expenditures will total approximately \$175.0 million to \$200.0 million in 2019. The amount of actual capital expenditures may be affected by general economic, financial, competitive, legislative and regulatory factors, among other things, including restrictions imposed by our borrowing arrangements.

Credit Facilities - As of June 30, 2019, we had \$1.1 billion of outstanding borrowings under our Senior Secured Credit Facility. We continue to evaluate whether we will make further payments of our outstanding debt ahead of scheduled maturities. Following is a summary of our outstanding credit facilities as of the dates indicated and principal payments and debt issuance during the period indicated:

(dollars in thousands)	SENIOR SECURED CREDIT FACILITY		TOTAL CREDIT FACILITIES
	TERM LOAN A	REVOLVING FACILITY	
Balance as of December 30, 2018	\$ 475,000	\$ 599,500	\$ 1,074,500
2019 new debt	—	408,000	408,000
2019 payments	(12,500)	(321,200)	(333,700)
Balance as of June 30, 2019	\$ 462,500	\$ 686,300	\$ 1,148,800
Weighted-average interest rate, as of June 30, 2019	4.14%	4.18%	
Principal maturity date	November 2022	November 2022	

As of June 30, 2019, we had \$291.7 million in available unused borrowing capacity under our revolving credit facility, net of letters of credit of \$22.0 million.

Credit Agreement - Our Credit Agreement contains term loan mandatory prepayment requirements of 50% of our annual excess cash flow, as defined in the Credit Agreement. The amount outstanding required to be prepaid may vary based on our leverage ratio and year end results. Other than the annual required minimum amortization premiums of \$25.0 million, we do not anticipate any other payments will be required through June 28, 2020.

Debt Covenants - Our Credit Agreement contains various financial and non-financial covenants. A violation of these covenants could negatively impact our liquidity by restricting our ability to borrow under the revolving credit facility and cause an acceleration of the amounts due under the credit facilities. See Note 13 - *Long-term Debt, Net* in our Annual Report on Form 10-K for the year ended December 30, 2018 for further information.

As of June 30, 2019 and December 30, 2018, we were in compliance with our debt covenants. We believe that we will remain in compliance with our debt covenants during the next 12 months and beyond.

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

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

(dollars in thousands)	TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2019	JULY 1, 2018
Net cash provided by operating activities	\$ 132,443	\$ 100,083
Net cash used in investing activities	(73,854)	(81,944)
Net cash used in financing activities	(63,415)	(58,303)
Effect of exchange rate changes on cash and cash equivalents	(157)	(3,164)
Net decrease in cash, cash equivalents and restricted cash	\$ (4,983)	\$ (43,328)

Operating activities - Net cash provided by operating activities increased during the twenty-six weeks ended June 30, 2019, as compared to the twenty-six weeks ended July 1, 2018 primarily due to the timing of collections of receivables and the timing of payments, partially offset by higher interest and income tax payments.

Investing activities - Net cash used in investing activities during the twenty-six weeks ended June 30, 2019 primarily consisted of capital expenditures, partially offset by proceeds from sale-leaseback transactions.

Net cash used in investing activities during the twenty-six weeks ended July 1, 2018 primarily consisted of capital expenditures, partially offset by proceeds from the disposal of property, fixtures and equipment and proceeds from sale-leaseback transactions.

Financing activities - Net cash used in financing activities during the twenty-six weeks ended June 30, 2019 was primarily due to the following: (i) the repurchase of common stock, (ii) payment of cash dividends on our common stock, (iii) the repayment of long-term debt and (iv) repayments of partner deposits and accrued partner obligations. Net cash used in financing activities was partially offset by drawdowns on our revolving credit facility, net of repayments.

Net cash used in financing activities during the twenty-six weeks ended July 1, 2018 was primarily attributable to the following: (i) the repurchase of common stock, (ii) payment of cash dividends on our common stock, (iii) the repayment of long-term debt and (iv) repayments of partner deposits and accrued partner obligations. Net cash used in financing activities was partially offset by proceeds from the exercise of stock options and drawdowns on our revolving credit facility, net of repayments.

FINANCIAL CONDITION

Following is a summary of our current assets, current liabilities and working capital (deficit):

(dollars in thousands)	JUNE 30, 2019	DECEMBER 30, 2018
Current assets	\$ 233,899	\$ 335,483
Current liabilities	786,584	791,039
Working capital (deficit) (1)	\$ (552,685)	\$ (455,556)

(1) During the twenty-six weeks ended June 30, 2019 net working capital (deficit) was negatively impacted by the recognition of approximately \$170 million of current lease liabilities as a result of the adoption of ASU No. 2016-02.

Working capital (deficit) includes: (i) Unearned revenue primarily from unredeemed gift cards of \$237.3 million and \$342.7 million as of June 30, 2019 and December 30, 2018, respectively, and (ii) current operating lease liabilities of \$171.3 million as of June 30, 2019, with the corresponding operating right-of-use assets recorded as non-current on the Company's Consolidated Balance Sheet. We have, and in the future may continue to have, negative working capital

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

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 to make capital expenditures.

Deferred Compensation Programs - The deferred compensation obligation due to managing and chef partners was \$57.8 million and \$69.6 million as of June 30, 2019 and December 30, 2018, respectively. We invest in various corporate-owned life insurance policies, which are held within an irrevocable grantor or "rabbi" trust account for settlement of our obligations under the deferred compensation plans. The rabbi trust is funded through our voluntary contributions. The unfunded obligation for managing and chef partners' deferred compensation was \$13.9 million as of June 30, 2019.

We use capital to fund the deferred compensation plans and currently expect cash funding of \$14.0 million to \$16.0 million for 2019. Actual funding of the deferred compensation obligations and future funding requirements may vary significantly depending on the actual performance compared to targets, timing of deferred payments of partner contracts, forfeiture rates, number of partner participants, growth of partner investments and our funding strategy.

Other Compensation Programs - Certain U.S. Partners participate in a non-qualified long-term compensation program that we fund as the obligation for each participant becomes due.

DIVIDENDS AND SHARE REPURCHASES

Dividends - In July 2019, the Board declared a quarterly cash dividend of \$0.10 per share, payable on August 21, 2019. Future dividend payments are dependent on our earnings, financial condition, capital expenditure requirements, surplus and other factors that the Board considers relevant.

Share Repurchases - On February 12, 2019, our Board canceled the remaining \$36.0 million of authorization under the 2018 Share Repurchase Program and approved a new \$150.0 million authorization. The 2019 Share Repurchase Program will expire on August 12, 2020. As of June 30, 2019, we had \$43.0 million remaining available for repurchase under the 2019 Share Repurchase Program.

Following is a summary of our dividends and share repurchases from fiscal year 2015 through June 30, 2019:

(dollars in thousands)	DIVIDENDS PAID	SHARE REPURCHASES (1)	TOTAL
Fiscal year 2015	\$ 29,332	\$ 169,999	\$ 199,331
Fiscal year 2016	31,379	309,887	341,266
Fiscal year 2017	30,988	272,736	303,724
Fiscal year 2018	33,312	113,967	147,279
First fiscal quarter 2019	9,140	—	9,140
Second fiscal quarter 2019	9,227	106,992	116,219
Total	<u>\$ 143,378</u>	<u>\$ 973,581</u>	<u>\$ 1,116,959</u>

(1) Excludes share repurchases for the settlement of taxes related to equity awards of \$180, \$447, and \$770 for fiscal years 2017, 2016 and 2015, respectively.

Recently Issued Financial Accounting Standards

For a description of recently issued Financial Accounting Standards that we adopted during the twenty-six weeks ended June 30, 2019 and, that are applicable to us and likely to have material effect on our consolidated financial statements,

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

but have not yet been adopted, see Note 1 - *Description of the Business and Basis of Presentation* of the Notes to the Consolidated Financial Statements of this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk from changes in interest rates, changes in foreign currency exchange rates and changes in commodity prices. We believe that there have been no material changes in our market risk since December 30, 2018, except as set forth below. See Part II, Item 7A., "Quantitative and Qualitative Disclosures about Market Risk," in our Annual Report on Form 10-K for the year ended December 30, 2018 for further information regarding market risk.

Foreign Currency Exchange Rate Risk

We are subject to foreign currency exchange risk for our restaurants operating in foreign countries. Our exposure to foreign currency exchange risk is primarily related to fluctuations in the Brazilian Real relative to the U.S. dollar. Our operations in other markets consist of Company-owned restaurants on a smaller scale than Brazil. If foreign currency exchange rates depreciate in the countries in which we operate, we may experience declines in our operating results. For the twenty-six weeks ended June 30, 2019, a 10% change in average foreign currency rates against the U.S. dollar would have increased or decreased our Total revenues and Net income for our consolidated foreign entities by \$24.0 million and \$1.7 million, respectively. Currently, we do not enter into currency forward exchange or option contracts to hedge foreign currency exposures.

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 June 30, 2019.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the thirteen weeks ended June 30, 2019 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 1. Legal Proceedings**

For a description of our legal proceedings, see Note 16 - *Commitments and Contingencies* of the Notes to the Consolidated Financial Statements of this Quarterly Report on Form 10-Q.

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 2018 Form 10-K which could materially affect our business, financial condition or future results. There have not been any material changes to the risk factors described in our 2018 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.

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

There were no sales of equity securities during the second quarter of 2019 that were not registered under the Securities Act of 1933.

The following table provides information regarding our purchases of common stock during the thirteen weeks ended June 30, 2019:

REPORTING PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	APPROXIMATE DOLLAR VALUE OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS (1)
April 1, 2019 through April 28, 2019	—	\$ —	—	\$ 150,000,000
April 29, 2019 through May 26, 2019	1,956,844	\$ 20.41	1,956,844	\$ 110,065,788
May 27, 2019 through June 30, 2019	3,512,443	\$ 19.09	3,512,443	\$ 43,008,008
Total	5,469,287		5,469,287	

(1) On February 12, 2019, the Board of Directors authorized the repurchase of \$150.0 million of our outstanding common stock as announced in our press release issued on February 14, 2019 (the "2019 Share Repurchase Program"). The 2019 Share Repurchase Program will expire on August 12, 2020.

Item 5. Other Information

As reported by the Company in its Current Report on Form 8-K dated April 30, 2019, Joseph J. Kadow resigned as Executive Vice President and Chief Legal Officer of the Company effective July 15, 2019. On July 31, 2019, the Company's affiliate, OSI Restaurant Partners, LLC, entered into a separation agreement with Mr. Kadow (the "Separation Agreement") specifying the terms of Mr. Kadow's separation from service with the Company effective July 15, 2019. Under the Separation Agreement, Mr. Kadow agreed to certain confidentiality, non-disparagement, non-solicitation and non-competition covenants. The Company agreed to pay Mr. Kadow combined lump sum payments of \$973,291, less certain deductions. In addition, the Separation Agreement modifies the exercise window for 57,632 vested stock options to permit exercise within one year (extended from 90 days) from Mr. Kadow's separation date.

The foregoing summary of the Separation Agreement is qualified in its entirety by reference to the Separation Agreement, which is filed herewith as Exhibit 10.5.

BLOOMIN' BRANDS, INC.
Item 6. Exhibits

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS	FILINGS REFERENCED FOR INCORPORATION BY REFERENCE
10.1*	Second Amended and Restated Employment Agreement, effective April 1, 2019, by and between Elizabeth A. Smith and Bloomin' Brands, Inc.	March 31, 2019 Form 10-Q, Exhibit 10.2
10.2*	Amended and Restated Officer Employment Agreement, effective April 1, 2019, by and between David J. Deno and Bloomin' Brands, Inc.	March 31, 2019 Form 10-Q, Exhibit 10.3
10.3*	Employment Offer Letter Agreement, dated as of April 29, 2019, between Michael Stutts and Bloomin' Brands, Inc.	Filed herewith
10.4*	Employment Offer Letter Agreement, dated as of May 1, 2019, between Kelly Lefferts and Bloomin' Brands, Inc.	Filed herewith
10.5*	Separation Agreement, dated as of July 31, 2019, by and between Joseph J. Kadow and OSI Restaurant Partners, LLC	Filed herewith
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
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)	Furnished herewith
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)	Furnished herewith
101.INS	XBRL Instance Document	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith

* 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.

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: August 2, 2019

BLOOMIN' BRANDS, INC.
(Registrant)

By: /s/ Christopher Meyer

Christopher Meyer
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

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April 29, 2019

Michael L. Stutts

Dear Michael,

This letter agreement confirms the verbal offer extended to you by Bloomin' Brands, Inc. (the "Company") to serve as Executive Vice President, Chief Customer Officer reporting to David Deno, Chief Executive Officer. Your start date will be June 3, 2019. The terms of your employment will be:

You will be employed by a subsidiary of the Company (the "Employer") and will be paid an annual base salary of \$500,000 payable in equal bi-weekly installments.

You will be eligible to participate in the Company's annual bonus program at a target bonus of 85% of your base salary based on both Company performance against objectives as set forth in the Company bonus program and individual performance. Your bonus payout for the 2019 fiscal year will be prorated based on your start date through the end of the fiscal year, provided you remain employed by the Employer through the payout date.

The Company will issue you a one-time grant of 50,000 stock options and a one-time grant of 50,000 restricted stock units on the first of the month immediately following your start date. Both grants will have standard vesting of three years contingent on continued employment with the Company or the Employer. All grants are subject to the terms of our 2016 Omnibus Incentive Compensation Plan and Equity Award Policy (collectively, the "Plan") and our standard award agreement. Our standard equity agreement includes a "double trigger" provision to protect you in the event of a change-in-control. The details of the Plan and the form of grant agreement will be provided to you separately.

In addition to your annual bonus, you will be eligible for an annual long-term incentive grant commencing in 2020. Per the current long-term incentive plan, you will be eligible for a target up to 100% of your base salary, which will be subject to Company and individual performance.

This position is also eligible for a Tier 4 relocation benefit as outlined in the Bloomin' Brands relocation policy. As part of your relocation benefits you will be entitled to up to 6 months of temporary living. Should you terminate your employment or be terminated for cause within one year of your start date, you will be liable for repayment of all relocation costs and any gross-up payments made by the Company as outlined in the Relocation Repayment Agreement.

You will be eligible for Home Office Paid Time Off (PTO). PTO is prorated based upon your hire date.

You will be eligible to participate in the following benefits as applicable and in accordance with the terms of Company policy:

- Medical Benefits Plan
- Salaried Short-Term Disability Insurance
- Salaried Long-Term Disability Insurance
- Company Paid Group Term Life Insurance
- Company Paid Accidental Death and Dismemberment Insurance

- Dental Benefits Plan
- Vision Benefits Plan
- Non-Qualified Deferred Compensation Plan
- Comp Meal Benefit Program

In the ordinary course of business, pay and benefit plans continue to evolve as business needs and laws change. To the extent the Company or the Employer determines it to be necessary or desirable to change or eliminate any of the plans or programs in which you participate, such changes will apply to you as they do to other similarly situated employees.

As a condition of your employment, please note the following:

While it is our sincere hope and belief that our relationship will be mutually beneficial, the Company and the Employer do not offer employment for a specified term. Any statements made to you in this letter and in meetings should not be construed in any manner as a proposed contract for any such term. Both you and the Employer may terminate employment at any time, with or without prior notice, for any or no reason, and with or without Cause (as defined on Schedule 1).

As a further condition of your employment you agree to the following:

1. Restrictive Covenant - Non-competition

A. During Employment. You will devote one hundred percent (100%) of your full business time, attention, energies, and effort to the business affairs of the Employer and the Company. Except with the prior written consent of the Employer, during your employment with the Company or the Employer, you shall not, individually or jointly with others, directly or indirectly, whether for your own account or for that of any other person or entity, engage in or own or hold any ownership interest in any person or entity engaged in a full service restaurant business, and you shall not act as an officer, director, employee, partner, independent contractor, consultant, principal, agent, proprietor or in any other capacity for, nor lend any assistance (financial or otherwise) or cooperation to, any such person or entity. You shall not serve on the board of directors or advisory committee of any other company without the prior consent of the Employer, which consent shall not be unreasonably withheld.

B. Post Term. Commencing on termination your employment with the Employer, you shall not, individually or jointly with others, directly or indirectly, whether for your own account or for that of any other person or entity, engage in or own or hold any ownership interest in any person or entity engaged in a full table service restaurant business and that is located or intended to be located anywhere within a radius of thirty (30) miles of any full table service restaurant owned or operated by the Company or the Employer, or any proposed full table service restaurant to be owned or operated by the Company or the Employer, and you shall not act as an officer, director, employee, partner, independent contractor, consultant, principal, agent, proprietor or in any other capacity for, nor lend any assistance (financial or otherwise) or cooperation to, any such person or entity for the time period specified below:

- (i) If your employment with Employer ends as a result of a termination without Cause by the Employer or your resignation for Good Reason (as defined in Schedule 1), then for a continuous period equal to the period of time used for calculating the amount of severance paid to you upon termination, if any; or
- (ii) If your employment with the Employer ends as a result of your voluntary resignation or termination by the Employer for Cause, for a continuous period of one (1) year.

For purposes of this non-competition clause, restaurants owned or operated by the Company or the Employer shall include all restaurants owned or operated by the Company, the Employer, their subsidiaries, franchisees or affiliates and any successor entity to the Company, the Employer, their subsidiaries, franchisees or affiliates, and any entity in which the Company or the Employer, its subsidiaries or any of their affiliates has an interest, including but not limited to, an interest as a franchisor. The term "proposed restaurant" shall include all locations for which the Company, the Employer, or their franchisees or affiliates is conducting active, bona fide negotiations to secure a fee or leasehold interest with the intention of establishing a restaurant thereon.

C. **Limitation.** It shall not be a violation of this Non-competition clause for Employee to own a one percent (1%) or smaller interest in any corporation required to file periodic reports with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, or successor statute.

2. **Restrictive Covenant - Non-disclosure; Non-solicitation; Non-piracy**

A. Except in the performance of your duties hereunder, at no time during your employment with the Company or the Employer, or at any time thereafter, shall you, individually or jointly with others, for your benefit of or for the benefit of any third party, publish, disclose, use or authorize anyone else to publish, disclose or use any secret or confidential material or information relating to any aspect of the business or operations of the Employer, the Company or any of their affiliates, including, without limitation, any secret or confidential information relating to the business, customers, trade or industrial practices, trade secrets, technology, recipes, product specifications, restaurant operating techniques and procedures, marketing techniques and procedures, financial data, processes, vendors and other information or know-how of the Employer, the Company or any of their affiliates, except (i) to the extent required by law, regulation or valid subpoena, or (ii) to the extent that such information or material becomes publicly known or available through no fault of your own.

B. Moreover, during your employment with the Employer and for two (2) years thereafter, except as is the result of a broad solicitation that is not targeting employees of the Employer, the Company or any of their franchisees or affiliates, you shall not offer employment to, or hire, any employee of the Employer, the Company or any of their franchisees or affiliates, or otherwise directly or indirectly solicit or induce any employee of the Employer, the Company or any of their franchisees or affiliates to terminate his or her employment with the Employer, the Company or any of their franchisees or affiliates; nor shall you act as an officer, director, employee, partner, independent contractor, consultant, principal, agent, proprietor, owner or part owner, or in any other capacity, of or for any person or entity that solicits or otherwise induces any employee of the Employer, the Company or any of their franchisees or affiliates to terminate his or her employment with the Employer, the Company or any of their franchisees or affiliates.

3. **Restrictive Covenant - Company and Employer Property: Duty to Return.** All Employer and Company property and assets, including but not limited to products, recipes, product specifications, training materials, employee selection and testing materials, marketing and advertising materials, special event, charitable and community activity materials, customer correspondence, internal memoranda, products and designs, sales information, project files, price lists, customer and vendor lists, prospectus reports, customer or vendor information, sales literature, territory printouts, call books, notebooks, textbooks, and all other like information or products, including but not limited to all copies, duplications, replications, and derivatives of such information or products, now in your possession or acquired by you while in the employ of the Employer shall be the exclusive property of the Employer and shall be returned to the Employer no later than the date of your last day of work with the Employer.

4. **Restrictive Covenant - Inventions, Ideas, Processes, and Designs.** All inventions, ideas, recipes, processes, programs, software and designs (including all improvements) related to the business of the

Employer or the Company shall be disclosed in writing promptly to the Employer, and shall be the sole and exclusive property of the Employer, if either (i) conceived, made or used by you during the course of the your employment with the Employer (whether or not actually conceived during regular business hours) or (ii) made or used by you for a period of six (6) months subsequent to the termination or expiration of such employment. Any invention, idea, recipe, process, program, software or design (including an improvement) shall be deemed "related to the business of the Employer or the Company" if (i) it was made with equipment, facilities or confidential information of the Employer or the Company, (ii) results from work performed by you for the Employer or the Company or (iii) pertains to the current business or demonstrably anticipated research or development work of the Employer or the Company. You shall cooperate with the Employer and its attorneys in the preparation of patent and copyright applications for such developments and, upon request, shall promptly assign all such inventions, ideas, recipes, processes and designs to the Employer. The decision to file for patent or copyright protection or to maintain such development as a trade secret shall be in the sole discretion of the Employer, and you shall be bound by such decision. You shall provide, on the back of this Agreement, a complete list of all inventions, ideas, recipes, processes and designs if any, patented or unpatented, copyrighted or non-copyrighted, including a brief description, that you made or conceived prior to your employment with the Employer, and that, therefore, are excluded from the scope of the employment with the Employer.

The restrictive covenants contained in this agreement are given and made by you to induce the Employer to employ you and to enter into this Agreement with you, and you hereby acknowledge that employment with the Employer is sufficient consideration for these restrictive covenants. The restrictive covenants shall be construed as agreements independent of any other provision in this Agreement, and the existence of any claim or cause of action you may have against the Employer or the Company, whether predicated upon this Agreement or otherwise, shall not constitute a defense to the enforcement of any restrictive covenant. The refusal or failure of the Employer or the Company to enforce any restrictive covenant of this agreement (or any similar agreement) against any other employee, agent, or independent contractor, for any reason, shall not constitute a defense to the enforcement by the Employer or the Company of any such restrictive covenant, nor shall it give rise to any claim or cause of action by you against the Employer or the Company.

You agree that a breach of any of the restrictive covenants contained in this Agreement will cause irreparable injury to the Employer and the Company for which the remedy at law will be inadequate and would be difficult to ascertain and therefore, in the event of the breach or threatened breach of any such covenants, the Employer and the Company shall be entitled, in addition to any other rights and remedies it may have at law or in equity, to obtain an injunction to restrain you from any threatened or actual activities in violation of any such covenants. You hereby consent and agree that temporary and permanent injunctive relief may be granted in any proceedings that might be brought to enforce any such covenants without the necessity of proof of actual damages, and in the event the Employer or the Company does apply for such an injunction, you shall not raise as a defense thereto that the Employer or the Company has an adequate remedy at law.

For the avoidance of doubt, the termination of this agreement for any reason, shall not extinguish your obligations specified in these restrictive covenants.

ALL PARTIES TO THIS AGREEMENT KNOW AND UNDERSTAND THAT THEY HAVE A CONSTITUTIONAL RIGHT TO A JURY TRIAL. THE PARTIES ACKNOWLEDGE THAT ANY DISPUTE OR CONTROVERSY THAT MAY ARISE OUT OF THIS 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 AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS, 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 PARAGRAPH 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 ANY OF THE CONTEMPLATED TRANSACTIONS SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

THE PARTIES INTEND THAT THIS WAIVER OF THE RIGHT TO A JURY TRIAL BE AS BROAD AS POSSIBLE. BY THEIR SIGNATURES BELOW, 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.

You shall be responsible for the payment of all taxes applicable to payments or benefits received from the Employer or the Company. It is the intent of the Employer and the Company that the provisions of this agreement and all other plans and programs sponsored by the Employer and the Company be interpreted to comply in all respects with Internal Revenue Code Section 409A, however, the Employer and the Company shall have no liability to you, or any of your successors or beneficiaries, in the event taxes, penalties or excise taxes may ultimately be determined to be applicable to any payment or benefit received by you or your successors or beneficiaries.

The validity, interpretation, and performance of this agreement shall be governed, interpreted, and construed in accordance with the laws of the State of Florida without giving effect to the principles of comity or conflicts of laws thereof.

This letter constitutes the full commitments which have been extended to you and shall supersede any prior agreements whether oral or written. However, this does not constitute a contract of employment for any period of time. Should you have any questions regarding these commitments or your ability to conform to Bloomin' Brands policies and procedures, please let me know immediately.

By signing this offer, you indicate your acceptance of our offer. Please keep one original copy of this offer letter for your personal files.

We look forward to having you join us as a member of our team.

Sincerely,

/s/ **Pablo Brizi**

Pablo Brizi
Senior Vice President, Chief Human Resources Officer
Bloomin' Brands, Inc.

I accept the above offer of employment and I understand the terms as set forth above.

/s/ **Michael L. Stutts**

Michael L. Stutts

5/8/19

Date

Schedule 1

"Cause" shall be defined as:

1. Your failure to perform the material duties required of you in a manner satisfactory to the Employer, in its reasonable discretion after the Employer follows the following procedures: (a) the Employer gives you a written notice ("Notice of Deficiency") which shall specify the deficiencies in your performance of duties; (b) you shall have a period of thirty (30) days, commencing on receipt of the Notice of Deficiency, in which to cure the deficiencies contained in the Notice of Deficiency; and (c) in the event you do not cure the deficiencies to the satisfaction of the Employer, in its reasonable discretion, within such thirty (30) day period (or if during such thirty (30) day period the Employer determines that you are not making reasonable, good faith efforts to cure the deficiencies to the reasonable satisfaction of the Employer), the Employer shall have the right to immediately terminate your employment for Cause. The provisions of this paragraph (1) may be invoked by the Employer any number of times and cure of deficiencies contained in any Notice of Deficiency shall not be construed as a waiver of this paragraph (1) nor prevent the Employer from issuing any subsequent Notices of Deficiency; or
2. Any willful dishonesty by you in your dealings with the Company, the Employer or their affiliates; your commission of fraud, negligence in the performance of your duties; insubordination; willful misconduct; or your conviction (or plea of guilty or nolo contendere), indictment or charge with respect to, any felony, or any other crime involving dishonesty or moral turpitude; or
3. Any material violation of the restrictive covenants of this agreement or
4. Any material violation of any current or future material published policy of the Employer or its Affiliates (material published policies include, but are not limited to, the Employer's discrimination and harassment policy, management dating policy, responsible alcohol policy, insider trading policy, ethics policy and security policy); or
5. For all purposes of this Agreement, termination for Cause shall be deemed to have occurred in the event of the Employee's resignation when, because of existing facts and circumstances, subsequent termination for Cause can be reasonably foreseen.



May 1, 2019

Kelly M. Lefferts

Dear Kelly,

This letter agreement confirms the verbal offer extended to you by Bloomin' Brands, Inc. (the "Company") to serve as Chief Legal Officer reporting to David Deno, Chief Executive Officer. Your effective date will be May 6, 2019. Furthermore, the Bloomin' Brands Inc. Board of Directors elected you Executive Vice, President, Chief Legal Officer and Secretary of the Company effective as of July 15, 2019. The terms of your employment will be:

You will be employed by a subsidiary of the Company (the "Employer") and will be paid an annual base salary of \$425,000 effective May 6, 2019 payable in equal bi-weekly installments.

You will remain eligible to participate in the Company's annual bonus program and effective May 6, 2019 your target bonus will be 85% of your base salary based on both Company performance against objectives as set forth in the Company bonus program and individual performance. Your bonus payout for the 2019 fiscal year will be prorated based on your effective date through the end of the fiscal year, provided you remain employed by the Employer through the payout date.

The Company will issue you a one-time grant of 40,000 restricted stock units on the first of the month immediately following your effective date. This grant will have standard vesting of three years contingent on continued employment with the Company or the Employer. All grants are subject to the terms of our 2016 Omnibus Incentive Compensation Plan and Equity Award Policy (collectively, the "Plan") and our standard award agreement. Our standard equity agreement includes a "double trigger" provision to protect you in the event of a change-in-control. The details of the Plan and the form of grant agreement will be provided to you separately.

In addition to your annual bonus, you will be eligible for an annual long-term incentive grant commencing in 2020. Per the current long-term incentive plan, you will be eligible for a target up to 100% of your base salary, which will be subject to Company and individual performance.

You will remain eligible for Home Office Paid Time Off (PTO).

You will be eligible to participate in the following benefits as applicable and in accordance with the terms of Company policy:

- Medical Benefits Plan
- Salaried Short-Term Disability Insurance
- Salaried Long-Term Disability Insurance
- Company Paid Group Term Life Insurance
- Company Paid Accidental Death and Dismemberment Insurance
- Dental Benefits Plan
- Vision Benefits Plan
- Non-Qualified Deferred Compensation Plan
- Comp Meal Benefit Program

In the ordinary course of business, pay and benefit plans continue to evolve as business needs and laws change. To the extent the Company or the Employer determines it to be necessary or desirable to change or eliminate any of the plans or programs in which you participate, such changes will apply to you as they do to other similarly situated employees.

As a condition of your employment, please note the following:

While it is our sincere hope and belief that our relationship will be mutually beneficial, the Company and the Employer do not offer employment for a specified term. Any statements made to you in this letter and in meetings should not be construed in any manner as a proposed contract for any such term. Both you and the Employer may terminate employment at any time, with or without prior notice, for any or no reason, and with or without Cause (as defined on Schedule 1).

As a further condition of your employment you agree to the following:

1. Restrictive Covenant - Non-competition

A. During Employment. You will devote one hundred percent (100%) of your full business time, attention, energies, and effort to the business affairs of the Employer and the Company. Except with the prior written consent of the Employer, during your employment with the Company or the Employer, you shall not, individually or jointly with others, directly or indirectly, whether for your own account or for that of any other person or entity, engage in or own or hold any ownership interest in any person or entity engaged in a full service restaurant business, and you shall not act as an officer, director, employee, partner, independent contractor, consultant, principal, agent, proprietor or in any other capacity for, nor lend any assistance (financial or otherwise) or cooperation to, any such person or entity. You shall not serve on the board of directors or advisory committee of any other company without the prior consent of the Employer, which consent shall not be unreasonably withheld.

B. Post Term. Commencing on termination your employment with the Employer, you shall not, individually or jointly with others, directly or indirectly, whether for your own account or for that of any other person or entity, engage in or own or hold any ownership interest in any person or entity engaged in a full table service restaurant business and that is located or intended to be located anywhere within a radius of thirty (30) miles of any full table service restaurant owned or operated by the Company or the Employer, or any proposed full table service restaurant to be owned or operated by the Company or the Employer, and you shall not act as an officer, director, employee, partner, independent contractor, consultant, principal, agent, proprietor or in any other capacity for, nor lend any assistance (financial or otherwise) or cooperation to, any such person or entity for the time period specified below:

- (i) If your employment with Employer ends as a result of a termination without Cause by the Employer or your resignation for Good Reason (as defined in Schedule 1), then for a continuous period equal to the period of time used for calculating the amount of severance paid to you upon termination, if any; or
- (ii) If your employment with the Employer ends as a result of your voluntary resignation or termination by the Employer for Cause, for a continuous period of one (1) year.

For purposes of this non-competition clause, restaurants owned or operated by the Company or the Employer shall include all restaurants owned or operated by the Company, the Employer, their subsidiaries, franchisees or affiliates and any successor entity to the Company, the Employer, their subsidiaries, franchisees or affiliates, and any entity in which the Company or the Employer, its subsidiaries or any of their affiliates has

an interest, including but not limited to, an interest as a franchisor. The term “proposed restaurant” shall include all locations for which the Company, the Employer, or their franchisees or affiliates is conducting active, bona fide negotiations to secure a fee or leasehold interest with the intention of establishing a restaurant thereon.

C. Limitation. It shall not be a violation of this Non-competition clause for Employee to own a one percent (1%) or smaller interest in any corporation required to file periodic reports with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, or successor statute.

2. **Restrictive Covenant - Non-disclosure; Non-solicitation; Non-piracy**

A. Except in the performance of your duties hereunder, at no time during your employment with the Company or the Employer, or at any time thereafter, shall you, individually or jointly with others, for your benefit of or for the benefit of any third party, publish, disclose, use or authorize anyone else to publish, disclose or use any secret or confidential material or information relating to any aspect of the business or operations of the Employer, the Company or any of their affiliates, including, without limitation, any secret or confidential information relating to the business, customers, trade or industrial practices, trade secrets, technology, recipes, product specifications, restaurant operating techniques and procedures, marketing techniques and procedures, financial data, processes, vendors and other information or know-how of the Employer, the Company or any of their affiliates, except (i) to the extent required by law, regulation or valid subpoena, or (ii) to the extent that such information or material becomes publicly known or available through no fault of your own.

B. Moreover, during your employment with the Employer and for two (2) years thereafter, except as is the result of a broad solicitation that is not targeting employees of the Employer, the Company or any of their franchisees or affiliates, you shall not offer employment to, or hire, any employee of the Employer, the Company or any of their franchisees or affiliates, or otherwise directly or indirectly solicit or induce any employee of the Employer, the Company or any of their franchisees or affiliates to terminate his or her employment with the Employer, the Company or any of their franchisees or affiliates; nor shall you act as an officer, director, employee, partner, independent contractor, consultant, principal, agent, proprietor, owner or part owner, or in any other capacity, of or for any person or entity that solicits or otherwise induces any employee of the Employer, the Company or any of their franchisees or affiliates to terminate his or her employment with the Employer, the Company or any of their franchisees or affiliates.

3. **Restrictive Covenant - Company and Employer Property; Duty to Return**. All Employer and Company property and assets, including but not limited to products, recipes, product specifications, training materials, employee selection and testing materials, marketing and advertising materials, special event, charitable and community activity materials, customer correspondence, internal memoranda, products and designs, sales information, project files, price lists, customer and vendor lists, prospectus reports, customer or vendor information, sales literature, territory printouts, call books, notebooks, textbooks, and all other like information or products, including but not limited to all copies, duplications, replications, and derivatives of such information or products, now in your possession or acquired by you while in the employ of the Employer shall be the exclusive property of the Employer and shall be returned to the Employer no later than the date of your last day of work with the Employer.

4. **Restrictive Covenant - Inventions, Ideas, Processes, and Designs**. All inventions, ideas, recipes, processes, programs, software and designs (including all improvements) related to the business of the Employer or the Company shall be disclosed in writing promptly to the Employer, and shall be the sole and exclusive property of the Employer, if either (i) conceived, made or used by you during the course of the your employment with the Employer (whether or not actually conceived during regular business hours) or (ii) made or used by you for a period of six (6) months subsequent to the termination or expiration of such employment. Any invention, idea, recipe, process, program, software or design (including an improvement)

shall be deemed "related to the business of the Employer or the Company" if (i) it was made with equipment, facilities or confidential information of the Employer or the Company, (ii) results from work performed by you for the Employer or the Company or (iii) pertains to the current business or demonstrably anticipated research or development work of the Employer or the Company. You shall cooperate with the Employer and its attorneys in the preparation of patent and copyright applications for such developments and, upon request, shall promptly assign all such inventions, ideas, recipes, processes and designs to the Employer. The decision to file for patent or copyright protection or to maintain such development as a trade secret shall be in the sole discretion of the Employer, and you shall be bound by such decision. You shall provide, on the back of this Agreement, a complete list of all inventions, ideas, recipes, processes and designs if any, patented or unpatented, copyrighted or non-copyrighted, including a brief description, that you made or conceived prior to your employment with the Employer, and that, therefore, are excluded from the scope of the employment with the Employer.

The restrictive covenants contained in this agreement are given and made by you to induce the Employer to employ you and to enter into this Agreement with you, and you hereby acknowledge that employment with the Employer is sufficient consideration for these restrictive covenants. The restrictive covenants shall be construed as agreements independent of any other provision in this Agreement, and the existence of any claim or cause of action you may have against the Employer or the Company, whether predicated upon this Agreement or otherwise, shall not constitute a defense to the enforcement of any restrictive covenant. The refusal or failure of the Employer or the Company to enforce any restrictive covenant of this agreement (or any similar agreement) against any other employee, agent, or independent contractor, for any reason, shall not constitute a defense to the enforcement by the Employer or the Company of any such restrictive covenant, nor shall it give rise to any claim or cause of action by you against the Employer or the Company.

You agree that a breach of any of the restrictive covenants contained in this Agreement will cause irreparable injury to the Employer and the Company for which the remedy at law will be inadequate and would be difficult to ascertain and therefore, in the event of the breach or threatened breach of any such covenants, the Employer and the Company shall be entitled, in addition to any other rights and remedies it may have at law or in equity, to obtain an injunction to restrain you from any threatened or actual activities in violation of any such covenants. You hereby consent and agree that temporary and permanent injunctive relief may be granted in any proceedings that might be brought to enforce any such covenants without the necessity of proof of actual damages, and in the event the Employer or the Company does apply for such an injunction, you shall not raise as a defense thereto that the Employer or the Company has an adequate remedy at law.

For the avoidance of doubt, the termination of this agreement for any reason, shall not extinguish your obligations specified in these restrictive covenants.

ALL PARTIES TO THIS AGREEMENT KNOW AND UNDERSTAND THAT THEY HAVE A CONSTITUTIONAL RIGHT TO A JURY TRIAL. THE PARTIES ACKNOWLEDGE THAT ANY DISPUTE OR CONTROVERSY THAT MAY ARISE OUT OF THIS 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 AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS, 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 PARAGRAPH 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 ANY OF THE CONTEMPLATED

TRANSACTIONS SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

THE PARTIES INTEND THAT THIS WAIVER OF THE RIGHT TO A JURY TRIAL BE AS BROAD AS POSSIBLE. BY THEIR SIGNATURES BELOW, 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.

You shall be responsible for the payment of all taxes applicable to payments or benefits received from the Employer or the Company. It is the intent of the Employer and the Company that the provisions of this agreement and all other plans and programs sponsored by the Employer and the Company be interpreted to comply in all respects with Internal Revenue Code Section 409A, however, the Employer and the Company shall have no liability to you, or any of your successors or beneficiaries, in the event taxes, penalties or excise taxes may ultimately be determined to be applicable to any payment or benefit received by you or your successors or beneficiaries.

The validity, interpretation, and performance of this agreement shall be governed, interpreted, and construed in accordance with the laws of the State of Florida without giving effect to the principles of comity or conflicts of laws thereof.

This letter constitutes the full commitments which have been extended to you and shall supersede any prior agreements whether oral or written. However, this does not constitute a contract of employment for any period of time. Should you have any questions regarding these commitments or your ability to conform to Bloomin' Brands policies and procedures, please let me know immediately.

By signing this offer, you indicate your acceptance of our offer. Please keep one original copy of this offer letter for your personal files.

We look forward to having you join us as a member of our team.

Sincerely,

/s/ **Pablo Brizi**

Pablo Brizi
Senior Vice President, Chief Human Resources Officer
Bloomin' Brands, Inc.

I accept the above offer of employment and I understand the terms as set forth above.

/s/ **Kelly M. Lefferts**

Kelly M. Lefferts

6/26/19

Date

Schedule 1

"Cause" shall be defined as:

1. Your failure to perform the material duties required of you in a manner satisfactory to the Employer, in its reasonable discretion after the Employer follows the following procedures: (a) the Employer gives you a written notice ("Notice of Deficiency") which shall specify the deficiencies in your performance of duties; (b) you shall have a period of thirty (30) days, commencing on receipt of the Notice of Deficiency, in which to cure the deficiencies contained in the Notice of Deficiency; and (c) in the event you do not cure the deficiencies to the satisfaction of the Employer, in its reasonable discretion, within such thirty (30) day period (or if during such thirty (30) day period the Employer determines that you are not making reasonable, good faith efforts to cure the deficiencies to the reasonable satisfaction of the Employer), the Employer shall have the right to immediately terminate your employment for Cause. The provisions of this paragraph (1) may be invoked by the Employer any number of times and cure of deficiencies contained in any Notice of Deficiency shall not be construed as a waiver of this paragraph (1) nor prevent the Employer from issuing any subsequent Notices of Deficiency; or
2. Any willful dishonesty by you in your dealings with the Company, the Employer or their affiliates; your commission of fraud, negligence in the performance of your duties; insubordination; willful misconduct; or your conviction (or plea of guilty or nolo contendere), indictment or charge with respect to, any felony, or any other crime involving dishonesty or moral turpitude; or
3. Any material violation of the restrictive covenants of this agreement or
4. Any material violation of any current or future material published policy of the Employer or its Affiliates (material published policies include, but are not limited to, the Employer's discrimination and harassment policy, management dating policy, responsible alcohol policy, insider trading policy, ethics policy and security policy); or
5. For all purposes of this Agreement, termination for Cause shall be deemed to have occurred in the event of the Employee's resignation when, because of existing facts and circumstances, subsequent termination for Cause can be reasonably foreseen.

SEPARATION AGREEMENT

THIS SEPARATION AGREEMENT (hereinafter "**Separation Agreement**") is made and entered into by and between JOSEPH J. KADOW ("**Employee**") and OSI RESTAURANT PARTNERS, LLC ("**Employer**"). In consideration of the mutual promises set forth below, Employer and Employee agree as follows:

1. Employer will provide Employee with good and valuable consideration as specified below in return for Employee's execution of this Separation Agreement.
2. Employee promises and obligates himself to perform the following covenants under this Separation Agreement:
 - a.) Employee agrees his employment with Employer is severed effective July 15, 2019 ("**Separation Date**") and that certain Officer Employment Agreement by and between the Employee and the Employer dated effective June 14, 2007, as amended ("**Employment Agreement**"), is terminated as of the Separation Date.
 - b.) Employee was awarded 9,272 Bloomin' Brands, Inc. (formerly Kangaroo Holdings, Inc.) ("**BBI**") performance share units (the "**2017 Performance Share Units**") pursuant to that certain Agreement with a grant date of February 24, 2017 (the "**2017 Agreement**"). Employee agrees none of the 2017 Performance Share Units are vested and all are hereby forfeited, cancelled, terminated and deemed null and void ab initio as of the Separation Date. The 2017 Agreement is hereby forfeited, cancelled, terminated and deemed null and void ab initio as of the Separation Date.
 - c.) Employee was awarded 6,573 BBI performance share units (the "**2018 Performance Share Units**") pursuant to that certain Agreement with a grant date of February 23, 2018 (the "**2018 Agreement**"). Employee agrees none of the 2018 Performance Share Units are vested and all are hereby forfeited, cancelled, terminated and deemed null and void ab initio as of the Separation Date. The 2018 Agreement is hereby forfeited, cancelled, terminated and deemed null and void ab initio as of the Separation Date.
 - d.) Employee was awarded 8,942 BBI performance share units (the "**2019 Performance Share Units**") pursuant to that certain Agreement with a grant date of February 19, 2019 (the "**2019 Agreement**"). Employee agrees none of the 2019 Performance Share Units are vested and all are hereby forfeited, cancelled, terminated and deemed null and void ab initio as of the Separation Date. The 2019 Agreement is hereby forfeited, cancelled, terminated and deemed null and void ab initio as of the Separation Date.
 - e.) Employee was granted the option to purchase 24,331 shares of the common stock of BBI (the "**2014 Options**") pursuant to that certain Option Agreement with a grant date of February 27, 2014 (the "**2014 Option Agreement**"). Employee agrees all 24,331 shares of the 2014 Options are vested and unexercised, and shall

remain vested and exercisable for 365 calendar days following the Separation Date. Employee agrees the 2014 Option Agreement is hereby cancelled, terminated and deemed null and void ab initio effective as of 12:01 a.m. (Tampa time) on the one-year anniversary of the Separation Date.

- f.) Employee was granted the option to purchase 24,510 shares of the common stock of BBI (the “**2015 Options**”) pursuant to that certain Option Agreement with a grant date of February 26, 2015 (the “**2015 Option Agreement**”). Employee agrees all 24,510 shares of the 2015 Options are vested and unexercised, and shall remain vested and exercisable for 365 calendar days following the Separation Date. Employee agrees the 2015 Option Agreement is hereby cancelled, terminated and deemed null and void ab initio effective as of 12:01 a.m. (Tampa time) on the one-year anniversary of the Separation Date.
- g.) Employee was granted the option to purchase 35,165 shares of the common stock of BBI (the “**2016 Options**”) pursuant to that certain Option Agreement with a grant date of February 25, 2016 (the “**2016 Option Agreement**”). Employee agrees that 17,582 shares of the 2016 Options were previously vested and exercised. Employee agrees that 8,791 shares of the 2016 Options are vested and which are unexercised shall remain vested and exercisable for 365 calendar days following the Separation Date. Employee agrees the remaining 8,792 shares of the 2016 Options are unvested and hereby forfeited, cancelled, terminated and deemed null and void ab initio as of the Separation Date. Employee agrees the 2016 Option Agreement is hereby cancelled, terminated and deemed null and void ab initio effective as of 12:01 a.m. (Tampa time) on the one-year anniversary of the Separation Date. For clarification, the 2016 Option Agreement will continue only with respect to the 8,791 vested and unexercised shares of the 2016 Options and only until the one-year anniversary of the Separation Date.
- h.) Employee was granted the option to purchase 30,000 shares of the common stock of BBI (the “**2017 Options**”) pursuant to that certain Option Agreement with a grant date of February 24, 2017 (the “**2017 Option Agreement**”). Employee agrees 7,500 shares of the 2017 Options were previously vested and exercised. Employee agrees that 7,500 shares of the 2017 Options are vested and which are unexercised shall remain vested and exercisable for 365 calendar days following the Separation Date. Employee agrees the remaining 15,000 shares of the 2017 Options are unvested and hereby forfeited, cancelled, terminated and deemed null and void ab initio as of the Separation Date. Employee agrees the 2017 Option Agreement is hereby cancelled, terminated and deemed null and void ab initio effective as of 12:01 a.m. (Tampa time) on the one-year anniversary of the Separation Date. For clarification, the 2017 Option Agreement will continue only with respect to the 7,500 vested and unexercised shares of the 2017 Options and only until the one-year anniversary of the Separation Date.
- i.) Employee was granted the option to purchase 20,840 shares of the common stock of BBI (the “**2018 Options**”) pursuant to that certain Option Agreement with a grant date of February 23, 2018 (the “**2018 Option Agreement**”). Employee

agrees that 5,210 shares of the 2018 Options are vested and which are unexercised shall remain vested and exercisable for 365 calendar days following the Separation Date. Employee agrees the remaining 15,630 shares of the 2018 Options are unvested and hereby forfeited, cancelled, terminated and deemed null and void ab initio as of the Separation Date. Employee agrees the 2018 Option Agreement is hereby cancelled, terminated and deemed null and void ab initio effective as of 12:01 a.m. on the one-year anniversary of the Separation Date. For clarification, the 2018 Option Agreement will continue only with respect to the 5,210 vested and unexercised shares of the 2018 Options and only until the one-year anniversary of the Separation Date.

- j.) Employee was granted the option to purchase 30,982 shares of the common stock of BBI (the “**2019 Options**”) pursuant to that certain Option Agreement with a grant date of February 19, 2019 (the “**2019 Option Agreement**”). Employee agrees none of the 2019 Options are vested and all are hereby forfeited, cancelled, terminated and deemed null and void ab initio as of the Separation Date. The 2019 Option Agreement is hereby cancelled, terminated and deemed null and void ab initio as of the Separation Date.
- k.) Employee was awarded 15,085 BBI restricted stock units (the “**2016 Restricted Stock**”) pursuant to that certain Restricted Stock Agreement with a grant date of February 25, 2016 (the “**2016 Restricted Stock Agreement**”). Employee agrees 11,313 shares of the 2016 Restricted Stock units were previously vested and distributed. Employee agrees 3,772 of the 2016 Restricted Stock units are unvested and hereby forfeited, cancelled, terminated and deemed null and void ab initio as of the Separation Date. The 2016 Restricted Stock Agreement is hereby forfeited, cancelled, terminated and deemed null and void ab initio as of the Separation Date.
- l.) Employee was awarded 12,594 BBI restricted stock units (the “**2017 Restricted Stock**”) pursuant to that certain Restricted Stock Agreement with a grant date of February 24, 2017 (the “**2017 Restricted Stock Agreement**”). Employee agrees 6,297 of the 2017 Restricted Stock units were previously vested and distributed. Employee agrees 1,216 of the 2017 Restricted Stock units will vest on the Separation Date and be distributed. Employee agrees the remaining 5,081 of the 2017 Restricted Stock units are and will remain unvested and are hereby forfeited, cancelled, terminated and deemed null and void ab initio as of the Separation Date. The 2017 Restricted Stock Agreement is hereby forfeited, cancelled, terminated and deemed null and void ab initio as of the Separation Date.
- m.) Employee was awarded 8,889 BBI restricted stock units (the “**2018 Restricted Stock**”) pursuant to that certain Restricted Stock Agreement with a grant date of February 23, 2018 (the “**2018 Restricted Stock Agreement**”). Employee agrees 2,224 of the 2018 Restricted Stock units were previously vested and distributed. Employee agrees 866 of the 2018 Restricted Stock units will vest on the Separation Date and be distributed. Employee agrees the remaining 5,809 of the 2018 Restricted Stock units are and will remain unvested and are hereby forfeited, cancelled, terminated and deemed null and void ab initio as of the Separation Date.

The 2018 Restricted Stock Agreement is hereby forfeited, cancelled, terminated and deemed null and void ab initio as of the Separation Date.

- n.) Employee was awarded 11,923 BBI restricted stock units (the “**2019 Restricted Stock**”) pursuant to that certain Restricted Stock Agreement with a grant date of February 19, 2019 (the “**2019 Restricted Stock Agreement**”). Employee agrees 1,590 of the 2019 Restricted Stock units will vest on the Separation Date and be distributed. Employee agrees the remaining 10,333 of the 2019 Restricted Stock units are and will remain unvested and are hereby forfeited, cancelled, terminated and deemed null and void ab initio as of the Separation Date. The 2019 Restricted Stock Agreement is hereby forfeited, cancelled, terminated and deemed null and void ab initio as of the Separation Date.
- o.) Employee waives and relinquishes any rights that Employee may have to claim reimbursement from Employer and its Releasees (as defined below) for attorney’s fees, litigation costs or expenses that Employee may have incurred in the course of obtaining legal advice on any matter related to Employer, except as otherwise expressly provided for in Section 3(e).
- p.) Employee waives and disclaims any right to any damages, compensation, or other personal relief that may be recovered at any time after the execution of this Separation Agreement as a result of any proceeding arising out of or related to the employment relationship that is brought under the jurisdiction or authority of the Equal Employment Opportunity Commission (“**EEOC**”), the Florida Commission on Human Relations, the U.S. Department of Labor, or any other local, state, or federal court or agency. If any such agency or court assumes jurisdiction of or files any complaint, charge, or proceeding against Employer or its Releasees, Employee shall request such agency or court to dismiss or withdraw from the matter. Notwithstanding any other term or provision of this Separation Agreement, nothing in this Separation Agreement is intended or shall be construed to prohibit Employee, with or without notice to the Employer or Employer’s Releasees, from filing a charge with, directly communicating with or participating in any investigation or proceeding conducted by any local, state or federal agency regarding any possible law violation. Employee acknowledges and agrees, however, that, except with respect to any award pursuant to Section 21F of the Securities Exchange Act of 1934, as amended, or any award administered by the U.S. Occupational Safety and Health Administration, Employee waives any right to monetary damages, attorneys’ fees, costs and equitable remedies related to or arising from any such charge, or ensuing complaint or lawsuit, filed by Employee or on Employee’s behalf.
- q.) Employee agrees that he will not disparage Employer or its Releasees in any way to any person or entity. Notwithstanding this provision, in the unlikely event that Employee is subpoenaed as part of a government entity’s investigation of Employer, Employee may provide truthful information about his employment to the government entity without violating this Separation Agreement.

- r.) For a two-year period commencing on the date Employee executes this Separation Agreement, except as is the result of a broad solicitation that is not targeting employees of Employer or any of its affiliates or their franchisees, Employee shall not offer employment to, or hire, any employee of Employer or any of its affiliates or their franchisees, or otherwise directly or indirectly solicit or induce any employee of Employer or any of its affiliates or their franchisees to terminate his or her employment with the Employer or any of its affiliates or their franchisees; nor shall Employee act as an officer, director, employee, partner, independent contractor, consultant, principal, agent, proprietor, owner or part owner, or in any other capacity, of or for any person or entity that solicits or otherwise induces any employee of Employer or any of its affiliates or their franchisees to terminate his or her employment with Employer or any of its affiliates or their franchisees. This prohibition on solicitation shall include but not be limited to any employee of Employer or its affiliates assigned to Employer's Restaurant Support Center in Tampa, Florida, except for non-management personnel recruited through general solicitations in print or other media.
 - s.) Employee agrees to submit all requests for reimbursement no later than two weeks after the Separation Date. Employer reserves the right to deny requests for reimbursement made more than two weeks after the Separation Date. Reimbursement eligibility will be determined consistent with Employer's usual policies and procedures.
 - t.) Employee agrees this Separation Agreement shall serve as Employee's resignation from any and all director, officer or other positions Employee has held at any time for or on behalf of the Employer and/or Employer's affiliates.
 - u.) Employee shall comply with all other terms of this Separation Agreement as provided for herein.
3. As consideration for the promises made by Employee in this Separation Agreement, Employer promises and obligates itself to perform the following covenants under this Separation Agreement:
- a.) Employer shall pay Employee a lump sum severance payment in the gross amount of \$955,000 (the "**Cash Payment**") less legal deductions and withholdings, subject to Section 12 below.
 - b.) Employer shall pay Employee a lump sum of \$18,291.24, after taxes, which reflects an amount equivalent to the premium payments for Employee to elect 18 months of continuing coverage of his benefits pursuant to the Consolidated Omnibus Budget Reconciliation Act ("**COBRA**"), which amount shall be payable irrespective of whether Employee elects such coverage.
 - c.) Employer shall send the payments described in Sections 3(a) and 3(b) above to Employee's home address within 10 days after the expiration of the Revocation Period referenced in Section 5 below.

- d.) Employer agrees that Employer will not disparage Employee in any way to any person or entity. Notwithstanding this provision, in the unlikely event that Employer is subpoenaed as part of a government entity's investigation, Employer may provide truthful information to the government entity without violating this Separation Agreement.
 - e.) Subject to applicable law, Employer or its affiliate shall indemnify Employee to the maximum extent permitted by BBI's Bylaws and Certificate of Incorporation, including, if applicable, under any directors and officers insurance policies, for any acts or decisions of Employee made in good faith while performing services in Employee's capacity as an officer of the Employer.
 - f.) Employer shall comply with all other terms of this Separation Agreement as provided for herein.
4. Employee shall have a period of 21 calendar days (the "**Consideration Period**") from the date he is presented with this Separation Agreement to consider the Separation Agreement's terms and consequences before executing the Separation Agreement. Employee is not required to let the full Consideration Period elapse before executing the Separation Agreement; rather, the Separation Agreement may be executed on any date within the Consideration Period, and any changes to this Separation Agreement, whether material or immaterial, will not re-start the Consideration Period.
 5. Employee and Employer agree that Employee may revoke the Separation Agreement for any reason at any time during the seven calendar days immediately following Employee's execution of the Separation Agreement (the "**Revocation Period**"). To revoke this Separation Agreement, Employee must cause written notice of his intent to revoke this Separation Agreement to be delivered to Pablo Brizi at Employer's Restaurant Support Center, 2202 N. Westshore Boulevard, 5th Floor, Tampa, FL 33607 within the Revocation Period. This Separation Agreement shall not become effective or enforceable until the Revocation Period has expired without such notice having been delivered to Employer in the specified manner.
 6. Acting for himself, his heirs, personal representatives, administrators and anyone claiming by or through him or them, except as provided in Section 3(e) above and with respect to the Policy and Policy Agreement (each as defined in Section 15), Employee unconditionally and irrevocably releases, acquits and forever discharges Employer and its Releasees (as defined below) from any and all Claims (as defined below) that Employee (or any person or entity claiming through Employee) may have against Employer or its Releasees as of the date of this Separation Agreement.
 7. Acting for itself, and anyone claiming by or through it or them, Employer unconditionally and irrevocably releases, acquits and forever discharges Employee and his heirs, personal representatives and administrators, from any and all Claims (as defined below) that Employer (or any person or entity claiming through Employer) may have against Employee as of the date of this Separation Agreement.

8. Definitions.

- a.) The phrases “**Employer**” or “**Employer and its Releasees**” shall mean OSI Restaurant Partners, LLC and all of its parents (including, but not limited to, Bloomin’ Brands, Inc.), affiliates (including, but not limited to, OS Management, Inc., Outback Steakhouse of Florida, LLC, OS Restaurant Services, LLC, Bonefish Grill, LLC, Carrabba’s Italian Grill, LLC, OS Prime, LLC, and OS Pacific, LLC), and all of the past and present directors, officers, partners, shareholders, supervisors, employees, representatives, successors, assigns, subsidiaries, parents, and insurers of OSI Restaurant Partners, LLC and its parents and affiliates.
- b.) The term “Claims” shall include lawsuits, causes of action, liabilities, losses, damages, debts, demands, controversies, agreements, duties, obligations, promises and rights of every kind. The term “Claims” shall include Claims arising from any source, including but not limited to contracts, statutes, regulations, ordinances, codes, or the common law, including claims arising under the Civil Rights Act of 1964 (42 U.S.C. § 2000e et seq., as amended), the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101 et seq., as amended), the Family Medical Leave Act of 1993 (29 U.S.C. § 2601, et seq., as amended), the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq., as amended), the Lilly Ledbetter Fair Pay Act of 2009 (Pub.L. 111-2, S. 181), the Employee Retirement Income Security Act of 1974 (ERISA) (29 U.S.C. § 1001 et seq., as amended), 42 U.S.C. § 1981, the Age Discrimination in Employment Act of 1967 (as amended), the continuation coverage provisions of the Omnibus Budget Reconciliation Act of 1986 (29 U.S.C. § 623 et seq., as amended), the Florida Civil Rights Act of 1992 (§ 760.01 et seq., Florida Statutes, as amended), and all other federal, state, and local laws dealing with discrimination, retaliation, wages, leave, benefits, or workplace policies, as well as claims for unpaid wages, unpaid commissions, breach of contract, wrongful termination, retaliation, intentional infliction of emotional distress, negligent hiring, invasion of privacy, defamation, slander, assault, battery, or any other tort arising out of or connected in any way to the employment relationship. The term “Claims” shall include injuries or damage of any nature, regardless of whether such injuries or damage arise from accident, illness, occupational disease, negligence, intentional act, or some other origin. The term “Claims” specifically includes third-party claims for indemnity or contribution against Employer or its Releasees. The term “Claims” shall be construed to include any and all Claims meeting the definitions in this subparagraph without regard to whether those Claims are asserted or unasserted, known or unknown, ripe or unripe, direct or indirect, conditional or unconditional.

9. Employee acknowledges that no other wages, overtime, compensation, benefits, or other amounts are due and owing.

10. Employee represents that he has not sold, transferred, or assigned to a third party any claims that he may have against Employer and its Releasees. Employee represents that any claims that he may have against Employer and its Releasees are unencumbered and otherwise

within his power to dispose of. Employee represents that he does not have any pending lawsuits, claims, or actions against Employer and its Releasees, or that if he does, he has fully disclosed such lawsuits, claims, or actions to Employer prior to executing this Separation Agreement. Employee further represents that he has not suffered any injuries, illnesses, or accidents in the course of his employment other than those he has previously disclosed to Employer, and that any previously disclosed injuries, illnesses, or accidents are included within the scope of the claims settled by this Separation Agreement.

11. For a one-year period commencing on the date Employee executes this Separation Agreement, Employee shall not:
- a.) individually or jointly with others, directly or indirectly, whether for Employee's own account or for that of any other person or entity, engage in or own or hold any ownership interest in:
 - i) any franchisee of the Employer or its affiliates, or
 - ii) any person or any entity engaged in any Competing Restaurant (as defined below) business; or
 - b.) act as an officer, director, employee, partner, independent contractor, consultant, principal, agent, proprietor or in any other capacity for, nor lend any assistance (financial or otherwise) or cooperation to, any such person or entity.

It shall not be a violation of this non-competition clause for Employee to own a three percent (3%) or less interest in any entity required to file periodic reports with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, or successor statute.

For the purpose hereof, "**Competing Restaurant**" shall mean any casual dining restaurant for which any of the following is true:

- a.) any of the following is used in its name:
 - i) the word "steak" or any item of steak or any word that connotes steak;
 - ii) the word "fish" or "seafood" or any word that connotes seafood;
 - iii) the word "Italian" or any Italian word or any derivations thereof;
- b.) Steak, seafood or Italian food is regularly featured in its advertising or marketing efforts; or
- c.) the sale of steak, seafood or Italian food constitutes twenty-five percent (25%) or more of its entrée or main item sales computed on a dollar basis.

12. If Employee violates the non-solicitation clause in Section 2(r) or the non-competition clause in Section 11, Employee shall re-pay to Employer, within 30 calendar days from the date of Employer's demand, the Cash Payment in Section 3(a) above.

13. Employee has returned all property of Employer and its affiliates in Employee's possession, including but not limited to, training materials, laptop computers, customer correspondence, sales information, company discount card and gift cards. All such materials are the exclusive property of the Employer.

14. Employee shall not, individually or jointly with others, for the benefit of the Employee or any third party, publish, disclose, use or authorize anyone else to publish, disclose or use any secret or confidential material or information relating to any aspect of the business or operations of the Employer or any of its affiliates, including, without limitation, any secret or confidential information relating to the business, customers, trade or industrial practices, trade secrets, technology, recipes, product specifications, restaurant operating techniques and procedures, marketing techniques and procedures, financial data, processes, vendors, franchisees and other information or know-how of the Employer or any of its affiliates, except (i) to the extent required by law, regulation or valid subpoena, or (ii) to the extent that such information or material becomes publicly known or available through no fault of the Employee.
15. Employer and Employee agree that the life insurance policy (number 90848002), insuring the life of the Employee, which was issued by John Hancock Variable Life Insurance Company (the “**Policy**”) and the related Split-Dollar Agreement dated March 30, 2006 governing the respective rights and obligations of the parties in and to the Policy (“**Policy Agreement**”) shall remain in full force and effect subsequent to the Separation Date until such time as the Employer and Employee mutually agree.
16. Except with respect to the Policy and the Policy Agreement referenced in Section 15, any and all prior understandings or agreements between Employee and Employer with respect to the subject matter of this Separation Agreement, including any provisions of the Employment Agreement that purport to survive termination of the Employment Agreement, are merged into this Separation Agreement, which fully and completely expresses the entire agreement and understanding of the parties with respect to the subject matter hereof. Notwithstanding this provision, this Separation Agreement shall not in any way diminish any obligation, duty or undertaking owed by the Employee to Employer because of any other contract or agreement or law. The rights and releases given to Employer in this Separation Agreement will be in addition to, and not in place of, any and all other rights held by Employer by virtue of any other contract, agreement or undertaking, and to that extent, the obligations of the Employee survive the execution of this Separation Agreement.
17. In addition to any rights and remedies Employer provided by law, Employer has the right to set-off any amounts for any damages to Employer and/or its affiliates caused by Employee’s noncompliance with this Separation Agreement, including as related to the non-solicitation provision. Employer has the right to seek, in addition to other available remedies, a temporary or permanent injunction or other equitable relief against a breach or threatened breach by Employee of any of the provisions of this Separation Agreement.
18. This Separation Agreement cannot be orally amended, modified, or changed. No change, amendment, or modification to the terms of this Separation Agreement shall be valid unless such change, amendment, or modification is memorialized in a written agreement between the parties that expressly references this Separation Agreement and identifies the provisions herein that are to be changed, amended, or modified. Such change, amendment, or modification must be signed by Employee and by duly authorized officers or representatives of Employer.

19. This Separation Agreement is made and entered into in the state of Florida, and shall in all respects be interpreted, enforced and governed under the laws of Florida. In the event of a breach of this Separation Agreement by either party, the other party shall be entitled to seek enforcement of this Separation Agreement exclusively before a state or federal court of competent jurisdiction located in Hillsborough County, Florida, and the state and federal courts located in Hillsborough County, Florida shall be deemed to have exclusive jurisdiction and venue over any litigation related to or arising from this Separation Agreement. This Separation Agreement shall not be construed to waive any right of removal that may apply to any action filed in state court by either party to this Separation Agreement.
20. At the conclusion of any litigation or dispute arising out of or related to this Separation Agreement, the prevailing party may recover, in addition to damages, the costs and fees (including attorney's fees, paralegal fees, and expert fees) reasonably incurred in connection with the litigation or dispute.
21. The language of all parts of this Separation Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against any of the parties. As used in this Separation Agreement, the singular or plural shall be deemed to include the other whenever the context so indicates or requires.
22. Should any provision of this Separation Agreement be declared or be determined by any court to be illegal or invalid, the remaining parts, terms or provisions shall remain valid unless declared otherwise by the court. Any part, term or provision which is determined to be illegal or invalid shall be deemed not to be a part of this Separation Agreement.
23. The parties agree that a true copy of this Separation Agreement may be used in any legal proceeding in place of the original and that any such true copy shall have the same effect as the original.

**PLEASE READ CAREFULLY. THIS GENERAL SEPARATION AGREEMENT INCLUDES
A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.**

Executed at Tampa, FL this 31st day of July, 2019.

/s/ Diana Orejuela
Witness

/s/ Joseph Kadow
Joseph J. Kadow, Employee

Executed at Tampa, Florida this 31st day of July, 2019.

EMPLOYER

/s/ Diana Orejuela
Witness

By: /s/ Kelly Lefferts

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(s) 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2019

/s/ David J. Deno

David J. Deno
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Christopher Meyer, 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(s) 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2019

/s/ Christopher Meyer

Christopher Meyer

Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting 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 June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David J. Deno, 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: August 2, 2019

/s/ David J. Deno

David J. Deno
Chief Executive Officer
(Principal 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 June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher Meyer, 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: August 2, 2019

/s/ Christopher Meyer

Christopher Meyer

Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting 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.