UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 29, 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, INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-8023465**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2202 North West Shore Boulevard, Suite 500, Tampa, FL 33607
(Address of principal executive offices) (Zip Code)

(813) 282-1225
(Registrant's telephone number, including area code)

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)**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 Act). Yes ☐ No ☒

The aggregate market value of common stock held by non-affiliates (based on the closing price on the last business day of the registrant's most recently completed second fiscal quarter as reported on the Nasdaq Global Select Market) was $1.6 billion.

As of February 21, 2020, 87,030,130 shares of common stock of the registrant were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its 2020 Annual Meeting of Stockholders are incorporated by reference into Part III, Items 10-14 of this Annual Report on Form 10-K.

BLOOMIN' BRANDS, INC.

INDEX TO ANNUAL REPORT ON FORM 10-K
For Fiscal Year 2019

TABLE OF CONTENTS

PART I

Cautionary Statement

This Annual Report on Form 10-K (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 (the "Exchange Act"). 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, those described in the "Risk Factors" section of this Report and the following:

(i) The outcome of our review of strategic alternatives, including the impact on our ongoing business, our stock price and our ability to successfully implement any alternatives that we pursue;

(ii) Consumer reactions to public health and food safety issues;

(iii) Our ability to compete in the highly competitive restaurant industry with many well-established competitors and new market entrants;

(iv) Minimum wage increases and additional mandated employee benefits;

(v) Economic conditions and their effects on consumer confidence and discretionary spending, consumer traffic, the cost and availability of credit and interest rates;

(vi) 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;

(vii) Fluctuations in the price and availability of commodities;

(viii) 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;

(ix) Our ability to effectively respond to changes in patterns of consumer traffic, consumer tastes and dietary habits;

(x) 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;

(xi) The effects of international economic, political and social conditions and legal systems on our foreign operations and on foreign currency exchange rates;

(xii) 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;

(xiii) 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;

(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; and

(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.

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.

Item 1. Business

General and History - Bloomin' Brands, Inc. ("Bloomin' Brands," the "Company," "we," "us," and "our" and similar terms mean Bloomin' Brands, Inc. and its subsidiaries except where the context otherwise requires) is one of the largest casual dining restaurant companies in the world, with a portfolio of leading, differentiated restaurant concepts. We have four founder-inspired concepts: Outback Steakhouse, Carrabba's Italian Grill, Bonefish Grill and Fleming's Prime Steakhouse & Wine Bar. Our restaurant concepts range in price point and degree of formality from casual (Outback Steakhouse and Carrabba's Italian Grill) to upscale casual (Bonefish Grill) and fine dining (Fleming's Prime Steakhouse & Wine Bar).

As of December 29, 2019, we owned and operated 1,173 restaurants and franchised 300 restaurants across 48 states, Puerto Rico, Guam and 21 countries.

The first Outback Steakhouse restaurant opened in 1988 and in 1996, we expanded the Outback Steakhouse concept internationally. OSI Restaurant Partners, LLC ("OSI"), a wholly-owned subsidiary of Bloomin' Brands, is our primary operating entity.

Our Segments - We consider our restaurant concepts and international markets to be operating segments, which reflects how we manage our business, review operating performance and allocate resources. 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. Following is a summary of reportable segments as of December 29, 2019:

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

(1) Includes franchise locations. See Item 2. *Properties* for disclosure of our restaurant count by country and territory.

U.S. Segment

As of December 29, 2019, in our U.S. segment, we owned and operated 1,045 restaurants and franchised 173 restaurants across 48 states.

Outback Steakhouse - Outback Steakhouse is a casual steakhouse restaurant concept focused on steaks, bold flavors and Australian decor. The Outback Steakhouse menu offers seasoned and seared or wood-fire grilled steaks, chops, chicken, seafood, pasta, salads and seasonal specials. The menu also includes several specialty appetizers, including our signature Bloomin' Onion®, and desserts, together with full bar service.

Carrabba's Italian Grill - Offering authentic Italian cuisine passed down from its founders' family recipes, Carrabba's Italian Grill uses high quality ingredients to prepare fresh and handmade dishes cooked to order in a lively exhibition kitchen. Featuring a wood-burning grill inspired by the many tastes of Italy, guests can enjoy signature dishes such as Chicken Bryan and Pollo Rosa Maria, wood-fire grilled steaks and chops, small plates and classic Italian pasta dishes in a welcoming, contemporary atmosphere.

Bonefish Grill - Bonefish Grill specializes in market-fresh fish from around the world, savory wood-grilled specialties and hand-crafted cocktails. Guests are guided through an innovative, seasonal menu, with unique specials and locally-created "Neighborhood Catch" dishes as well as beef and chicken entrées, featuring high quality and fresh ingredients.

The Bonefish Grill experience helps guests "Escape the Ordinary," and is based on the premise of simplicity, consistency and a strong commitment to excellence at every level.

Fleming's Prime Steakhouse & Wine Bar - Fleming's Prime Steakhouse & Wine Bar is a contemporary steakhouse concept featuring prime cuts of beef, chops, fresh fish, seafood and poultry, salads and side dishes. Guests will find a passion for steak and wine, reflected in an exceptional menu of hand-cut steaks, an award-winning list of wines by the glass, and seasonal menu selections showcasing locally-inspired chef dishes. The steak selection features USDA Prime corn-fed beef, both wet- and dry-aged for flavor and texture, in a variety of sizes and cuts.

International Segment

We have cross-functional, local management to support and grow restaurants in each of the countries where we have Company-owned operations. Our international operations are integrated with our corporate headquarters to leverage enterprise-wide capabilities, including marketing, finance, real estate, information technology, legal, human resources, supply chain management and productivity.

As of December 29, 2019, in our international segment, we owned and operated 128 restaurants and franchised 127 restaurants across 21 countries, Puerto Rico and Guam.

Outback Steakhouse - Our international Outback Steakhouse restaurants have a menu similar to our U.S. menu with additional variety to meet local taste preferences. In addition to the traditional Outback Special sirloin, a typical international menu may feature local beef cuts such as the Aussie Grilled Picanha in Brazil.

Carrabba's Italian Grill (Abbraccio Cucina Italiana) - Abbraccio Cucina Italiana, our Carrabba's Italian Grill restaurant concept in Brazil, offers a blend of traditional and modern Italian dishes. The menu varies, with additional pasta and pizza menu offerings, to account for local tastes and customs. Abbraccio Cucina Italiana also has a range of beverage options, including classically inspired cocktails and local favorites with an Italian twist.

Restaurant Overview

Selected Sales Data - Following is sales mix by product type and average check per person for Company-owned restaurants during 2019:

	U.S.				INTERNATIONAL
	Outback Steakhouse	Carrabba's Italian Grill	Bonefish Grill	Fleming's Prime Steakhouse & Wine Bar	Outback Steakhouse Brazil
Food & non-alcoholic beverage	91%	86%	78%	74%	85%
Alcoholic beverage	9%	14%	22%	26%	15%
	100%	100%	100%	100%	100%
Average check per person ($USD)	$ 23	$ 22	$ 27	$ 83	$ 15
Average check per person (R$)					R$ 59

Delivery - During 2019, we completed the rollout of in-house delivery to substantially all Outback Steakhouse and the majority of Carrabba's Italian Grill Company-owned restaurants. In addition, in September 2019 Outback Steakhouse expanded its delivery platform through an exclusive third-party partnership with DoorDash, a national on-demand provider of door-to-door delivery services. The rollout of DoorDash delivery was completed in October 2019.

Carrabba's Italian Grill and certain Bonefish Grill restaurants also offer third-party delivery through leading national delivery services.

System-wide Restaurant Summary - Following is a system-wide rollforward of restaurants in operation during 2019:

	DECEMBER 30, 2018	2019 ACTIVITY			DECEMBER 29, 2019	U.S. STATE
		OPENINGS	CLOSURES	OTHER		COUNT
Number of restaurants:						
U.S.						
Outback Steakhouse						
Company-owned	579	3	(3)	—	579	
Franchised	154	—	(9)	—	145	
Total	733	3	(12)	—	724	48
Carrabba's Italian Grill						
Company-owned (1)	224	—	(2)	(18)	204	
Franchised (1)	3	—	—	18	21	
Total	227	—	(2)	—	225	31
Bonefish Grill						
Company-owned	190	1	(1)	—	190	
Franchised	7	—	—	—	7	
Total	197	1	(1)	—	197	31
Fleming's Prime Steakhouse & Wine Bar						
Company-owned	70	—	(2)	—	68	28
Other						
Company-owned	5	2	(3)	—	4	1
U.S. Total	1,232	6	(20)	—	1,218	
International						
Company-owned						
Outback Steakhouse - Brazil (2)	92	7	—	—	99	
Other	33	4	(8)	—	29	
Franchised						
Outback Steakhouse - South Korea	76	5	(9)	—	72	
Other	55	5	(5)	—	55	
International Total	256	21	(22)	—	255	
System-wide total	1,488	27	(42)	—	1,473	

____
(1) In 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 November 30, 2019 and 2018, respectively, to correspond with the balance sheet dates of this subsidiary.

RESTAURANT DESIGN AND DEVELOPMENT

Site Design - We generally construct freestanding buildings on leased properties, although certain leased sites are also located in strip shopping centers. Construction of a new restaurant typically takes 60 to 180 days from the date the location is leased or under contract and fully permitted. In the majority of cases, future restaurant development will result from the lease of existing third-party retail space. We typically design the interior of our restaurants in-house, utilizing outside architects to develop construction documents. We have an ongoing remodel program across all of our concepts to maintain the relevance of our restaurants' ambiance.

Site Selection Process - We have a central site selection team comprised of real estate development, property/lease management and design and construction personnel. This site selection team also utilizes a combination of existing field operations managers, internal development personnel and outside real estate brokers to identify and qualify potential sites.

We have a relocation initiative in process, primarily related to the U.S. Outback Steakhouse brand. This multi-year relocation plan is focused on driving additional traffic to our restaurants by moving legacy restaurants to prime locations within the same trade area. During 2019, we relocated 11 U.S. Outback Steakhouse restaurants and plan to relocate another nine U.S. Outback Steakhouse restaurants in 2020.

Restaurant Development

We utilize the ownership structure and market entry strategy that best fits the needs for a particular market, including Company-owned units, joint ventures and franchises, as determined by demand, cost structure and economic conditions.

U.S. Development - We opportunistically pursue unit growth across our concepts through existing geography fill-in and market expansion opportunities based on current location mix.

International Development - We continue to pursue international expansion opportunities, leveraging established equity and franchise markets in South America and Asia, and in strategically selected emerging and high-growth developed markets, with a focus on Brazil.

See Item 2. *Properties* for disclosure of our international restaurant count by country and territory.

RESEARCH & DEVELOPMENT / INNOVATION

We utilize a global core menu policy to ensure consistency and quality in our menu offerings. Before we add an item to the core menu, our research and development ("R&D") team performs a thorough review of the item, including conducting consumer research. Internationally, we have teams in our developed markets that tailor our menus to address the preferences of local consumers.

We continuously evolve our product offerings based on consumer trends and feedback. We have a 12-month pipeline of new menu and promotional items across all concepts that allows us to quickly make adjustments in response to market demands, when necessary. In addition, we continue to focus on productivity across the portfolio. For new menu items and significant product changes, we have a testing process that includes direct consumer feedback on the product and its pricing.

Menu innovation and simplification remains a high priority across all concepts. In recent years, we increased certain portion sizes at Outback Steakhouse and Carrabba's Italian Grill and introduced a new center-cut filet at Outback Steakhouse. At Bonefish Grill, we source fresh fish specials locally with our "Neighborhood Catch" dishes. During 2019, Fleming's Prime Steakhouse & Wine Bar began offering selections through its "Chef's Table" which features chef driven local menu selections to differentiate the brand from the traditional high-end steakhouse.

INFORMATION SYSTEMS

We leverage technology to support such areas as digital marketing and customer engagement, business analytics and decision support, restaurant operations and productivity initiatives related to optimizing our staffing, food waste management and supply chain efficiency.

To drive customer engagement, we continue to invest in data and technology infrastructure, including brand websites, digital marketing, online ordering and mobile apps. To increase customer convenience, we are leveraging our online ordering infrastructure to facilitate expanded off-premises dining including our own delivery fleet and systems. Additionally, we developed systems to support our customer loyalty program with a focus on increasing traffic to our restaurants. In recent years, investments have also been made in a global supply chain management system to provide better inventory forecasting and replenishment to our restaurants, which helps us manage food quality and cost. We also continue to invest in a range of tools and infrastructure to support risk management and cyber security.

Our integrated point-of-sale system allows us to transact business in our restaurants and communicate sales data through a secure corporate network to our enterprise resource planning system and data warehouse. Our Company-owned restaurants, and most of our franchised restaurants, are connected through a portal that provides our employees and franchise partners with access to business information and tools that allow them to collaborate, communicate, train and share information.

We maintain a robust system to ensure network security and safeguard against data loss. See Item 1A. *Risk Factors* for additional discussion of our cyber security measures.

ADVERTISING AND MARKETING

We advertise through a diverse set of media channels including but not limited to national/spot television, radio, social media, search engines and other digital tactics. Our concepts have active public relations programs and also rely on national promotions, site visibility, local marketing, digital marketing, direct mail, billboards and point-of-sale materials to promote our restaurants. Recently, we increased our focus on data segmentation and personalization, customer relationship management and digital advertising to be more efficient and relevant with our advertising expenditures. Internationally, we have teams in our developed markets that engage local agencies to tailor advertising to each market and develop relevant and timely promotions based on local consumer demand.

Our multi-branded loyalty program, Dine Rewards, is designed to drive incremental traffic and provide data for customer segmentation and personalization opportunities. Additionally, to help maintain consumer interest and relevance, each concept leverages limited-time offers featuring seasonal specials. We promote limited-time offers through integrated marketing programs that utilize all of our advertising resources.

RESTAURANT OPERATIONS

Management and Employees - The restaurant management staff varies by concept and restaurant size. Our restaurants employ primarily hourly employees, many of whom work part-time. The Restaurant Managing Partner has primary responsibility for the day-to-day operation of the restaurant and is required to follow Company-established operating standards. Area Operating Partners for our casual dining concepts are typically responsible for overseeing the operations of six to 12 restaurants and Restaurant Managing Partners within a specific region.

In addition to base salary, Area Operating Partners, Restaurant Managing Partners and Chef Partners generally receive performance-based bonuses for providing management and supervisory services to their restaurants, certain of which may be based on a percentage of their restaurants' monthly operating results or cash flows and/or total controllable income.

Restaurant Managing Partners and Chef Partners in the U.S. may also participate in deferred compensation and other performance-based compensation programs. To fund deferred compensation arrangements, we may invest in corporate-owned life insurance policies, which are held within an irrevocable grantor or "rabbi" trust account for settlement of certain of our obligations under the deferred compensation plans.

Many of our international Restaurant Managing Partners are given the option to purchase participation interests in the cash distributions of the restaurants they manage. The amount, terms and availability vary by country.

Supervision and Training - We require our Area Operating Partners and Restaurant Managing Partners to have significant experience in the full-service restaurant industry. All Area Operating Partners and Restaurant Managing Partners are required to complete a comprehensive training program that emphasizes our operating strategy, procedures and standards. The Restaurant Managing Partners and Area Operating Partners, together with our Presidents, Regional Vice Presidents, Vice Presidents of Training and Directors of Training, are responsible for selecting and training the employees for each new restaurant.

Service - In order to better assess and improve our performance, we utilize satisfaction measurement programs that provide us with industry benchmarking information for our Company-owned locations in the U.S. For all other locations, we use various customer satisfaction measures to assess and improve our performance.

SOURCING AND SUPPLY

Sourcing and Supply - We take a global approach to procurement and supply chain management, with our corporate team serving all U.S. and international concepts. In addition, we have dedicated supply chain management personnel for our international operations in South America and Asia. The supply chain management organization is responsible for all food and operating supply purchases as well as a large percentage of purchases of field and corporate services.

We address the end-to-end costs associated with the products and goods we purchase by utilizing a combination of global, regional and local suppliers to capture efficiencies and economies of scale. This "total cost of ownership" ("TCO") approach focuses on the initial purchase price, coupled with the cost structure underlying the procurement and order fulfillment process. The TCO approach includes monitoring commodity markets and trends to execute product purchases at the most advantageous times.

We have a distribution program that includes food, beverage, smallwares and packaging goods in all major markets. This program is managed by a custom distribution company that only provides products approved for our system. This customized relationship also enables our staff to effectively manage and prioritize our supply chain.

Beef represents the majority of purchased proteins. In 2019, we primarily purchased our U.S. beef raw materials from four beef suppliers and our Brazil beef raw materials from two beef suppliers. Due to the nature of our industry, we expect to continue purchasing a substantial amount of beef from a small number of suppliers. Other major commodity categories purchased include produce, dairy, bread and pasta, and energy sources to operate our restaurants, such as natural gas and electricity.

Quality Control - Our R&D facility is located in Tampa, Florida and serves as a global test kitchen and vendor product qualification site. Our quality assurance team manages internal auditors responsible for supplier evaluations and external third parties who inspect supplier adherence to quality, food safety and product specification. We have a program that ensures suppliers comply with quality, food safety and other specifications. Our suppliers also utilize third-party labs for food safety and quality verification. We develop sourcing strategies for all commodity categories based on the dynamics of each category. In addition, we require our supplier partners to meet or exceed our quality assurance standards.

Our operational teams have multiple touch points in the restaurants ensuring food safety, quality and freshness throughout all phases of the preparation process. In addition, we employ third-party auditors to verify our standards of food safety, training and sanitation.

RESTAURANT OWNERSHIP STRUCTURES

We generate our revenues from our Company-owned restaurants and through ongoing royalties from our franchised restaurants and sales of franchise rights.

Company-owned Restaurants - Company-owned restaurants are restaurants wholly-owned by us or in which we have a majority ownership. Our cash flows from entities in which we have a majority ownership are limited to the portion of our ownership. The results of operations of Company-owned restaurants are included in our consolidated operating results and the portion of income or loss attributable to the noncontrolling interests is eliminated in our Consolidated Statements of Operations and Comprehensive Income.

We pay royalties that range from 0.5% to 1.5% of U.S. sales on the majority of our Carrabba's Italian Grill restaurants, pursuant to agreements we entered into with the Carrabba's Italian Grill founders ("Carrabba's Founders"). Each Carrabba's Italian Grill restaurant located outside the U.S. pays a one-time lump sum fee to the Carrabba's Founders, which varies depending on the size of the restaurant. No continuing royalty fee is paid to the Carrabba's Founders for Carrabba's Italian Grill restaurants located outside the U.S.

Unaffiliated Franchise Program - Our unaffiliated franchise agreements grant third parties rights to establish and operate a restaurant using one of our concepts. Franchised restaurants are required to be operated in accordance with the franchise agreement and in compliance with their respective concept's standards and specifications.

Under our franchise agreements, each franchisee is required to pay an initial franchise fee and monthly royalties based on a percentage of gross restaurant sales. Initial franchise fees are generally $40,000 for U.S. franchisees and range between $30,000 and $75,000 for international franchisees, depending on the market. Some franchisees may also pay administration fees based on a percentage of gross restaurant sales. Following is a summary of royalty fee percentages based on our existing unaffiliated franchise agreements:

(as a % of gross Restaurant sales)	MONTHLY ROYALTY FEE PERCENTAGE
U.S. franchisees (1)	3.50% - 5.75%
International franchisees (2)	2.75% - 6.00%

(1) U.S. franchisees must also contribute a percentage of gross sales for national marketing programs and spend a certain percentage of gross sales on local advertising. For most U.S. franchisees, there is a maximum of 8.0% of gross restaurant sales for combined national marketing and local advertising.
(2) International franchisees must also spend a certain percentage of gross sales on local advertising, which varies depending on the market.

COMPETITION

The restaurant industry is highly competitive with a substantial number of restaurant operators that compete directly and indirectly with us in respect to price, service, location and food quality, and there are other well-established competitors with significant financial and other resources. There is also active competition for management personnel, attractive suitable real estate sites, supplies and restaurant employees. In addition, competition is influenced strongly by marketing and brand reputation. At an aggregate level, all major casual dining restaurants in markets in which we operate would be considered competitors of our concepts. We also face growing competition from the supermarket industry which offers expanded selections of prepared meals. In addition, improving product offerings and convenience options from quick service and fast casual restaurants and the expansion of home delivery services, together with negative economic conditions, could cause consumers to choose less expensive alternatives. Internationally, we face increasing competition due to an increase in the number of casual dining restaurant options in the markets in which we operate.

GOVERNMENT REGULATION

We are subject to various federal, state, local and international laws affecting our business. Each of our restaurants is subject to licensing and regulation by a number of governmental authorities, which may include, among others, alcoholic beverage control, health and safety agencies, environmental and fire agencies in the state, municipality or country in which the restaurant is located.

U.S. - Alcoholic beverage sales represent 14% of our U.S. restaurant sales. Alcoholic beverage control regulations require each of our restaurants to apply to a state authority and, in certain locations, county or municipal authorities for a license or permit to sell alcoholic beverages on the premises and, where applicable, a permit to provide service for extended hours and on Sundays.

Our restaurant operations are also subject to federal and state laws for such matters as:

- immigration, employment, minimum wages, overtime, tip credits, worker conditions and health care;
- menu labeling and food safety;
- the Americans with Disabilities Act, which, among other things, requires our restaurants to meet federally mandated requirements for the disabled; and
- information security, privacy, cashless payments and gift cards.

International - Our restaurants outside of the U.S. are subject to similar local laws and regulations as our U.S. restaurants, including labor, food safety and information security. In addition, we are subject to anti-bribery and anti-corruption laws and regulations.

See Item 1A - *Risk Factors* for a discussion of risks relating to federal, state, local and international regulation of our business.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Below is a list of the names, ages, positions and a brief description of the business experience of each of our executive officers as of February 14, 2020.

NAME	AGE	POSITION
David J. Deno	62	Chief Executive Officer
Christopher Meyer	48	Executive Vice President, Chief Financial Officer
Kelly Lefferts	53	Executive Vice President, Chief Legal Officer and Secretary
Gregg Scarlett	58	Executive Vice President, Chief Operating Officer, Casual Dining Restaurants
Michael Stutts	40	Executive Vice President, Chief Customer Officer

David J. Deno has served as Chief Executive Officer and as a member of our Board of Directors since April 2019. Mr. Deno previously served as Executive Vice President and Chief Financial and Administrative Officer from October 2013 to April 2019 and as Executive Vice President and Chief Financial Officer from May 2012 to October 2013. Prior to joining Bloomin’ Brands, Mr. Deno was Chief Financial Officer of the international division of Best Buy Co. Inc. from December 2009 to May 2012. Mr. Deno has also previously served as President and later Chief Executive Officer of Quiznos and Chief Financial Officer and later Chief Operating Officer of YUM! Brands, Inc.

Christopher Meyer has served as Executive Vice President, Chief Financial Officer since April 2019. Mr. Meyer previously served as Group Vice President, Finance, Treasury and Accounting from November 2017 to April 2019 and Group Vice President, Financial Planning & Analysis and Investor Relations from September 2014 to November 2017.

Kelly Lefferts has served as Executive Vice President, Chief Legal Officer since July 2019. Ms. Lefferts served as Group Vice President and U.S. General Counsel of Bloomin’ Brands from September 2015 to July 2019 and Vice President and Assistant General Counsel of Bloomin’ Brands from January 2008 to September 2015. She has also served as Secretary of Bloomin’ Brands since February 2016.

Gregg Scarlett has served as Executive Vice President, Chief Operating Officer, Casual Dining Restaurants since February 2020. Mr. Scarlett previously served as Executive Vice President, President of Outback Steakhouse from July 2016 to February 2020; Executive Vice President, President of Bonefish Grill from April 2015 to July 2016; Senior Vice President, Casual Dining Restaurant Operations from January 2013 to April 2015; and Senior Vice President of Operations for Outback Steakhouse from March 2010 to January 2013.

Michael Stutts has served as Executive Vice President, Chief Customer Officer since June 2019. Prior to joining Bloomin’ Brands, Mr. Stutts served as a Partner and Managing Director at Boston Consulting Group, from September 2008 to December 2018.

EMPLOYEES

As of December 29, 2019, we employed approximately 94,000 persons, of which approximately 800 are corporate personnel, including 200 in international markets. None of our U.S. employees are covered by a collective bargaining agreement. Various jurisdictional industry-wide labor agreements apply to certain of our employees in Brazil. We consider our employee relations to be in good standing.

TRADEMARKS

We regard our Outback®, Outback Steakhouse®, Carrabba's Italian Grill®, Bonefish Grill® and Fleming's Prime Steakhouse & Wine Bar® service marks and our Bloomin' Onion® trademark as having significant value and as being important factors in the marketing of our restaurants. We have also obtained trademarks and service marks for these and several of our other menu items and various advertising slogans both in the U.S. and in countries where we operate. We are aware of names and marks similar to the service marks of ours used by other persons in certain geographic areas in which we have restaurants. However, we believe such uses will not adversely affect us. Our policy is to pursue registration of our marks in countries where we operate whenever possible and to vigorously oppose any infringement of our marks. We also have registered domain names for each of our concepts.

We license the use of our registered trademarks to franchisees and third parties through franchise and license arrangements. The franchise and license arrangements restrict franchisees' and licensees' activities with respect to the use of our trademarks and impose quality control standards in connection with goods and services offered in connection with the trademarks.

SEASONALITY

Our business is subject to seasonal fluctuations. Historically, customer traffic patterns for our established U.S. restaurants are generally highest in the first quarter of the year and lowest in the third quarter of the year. International customer traffic patterns vary by market. For example, Brazil historically experiences minimal seasonal traffic fluctuations. Additionally, holidays and severe weather may affect sales volumes seasonally in some of our markets.

See Item 1A. *Risk Factors* for discussion of risks related to seasonal and periodic fluctuations.

ADDITIONAL INFORMATION

We make available, free of charge, through our internet website www.bloominbrands.com, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after electronically filing such material with the Securities and Exchange Commission ("SEC"). Our reports and other materials filed with the SEC are also available at www.sec.gov. The reference to these website addresses does not constitute incorporation by reference of the information contained on the websites and should not be considered part of this Report.

Item 1A.Risk Factors

The risk factors set forth below should be carefully considered. The risks described below are those that we believe could materially and adversely affect our business, financial condition or results of operations, however, they are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations.

Risks Related to Our Business and Industry

There can be no assurance that our review of strategic alternatives or any initiatives or transactions that we pursue will result in additional shareholder value or that the process or any actions that we take will not have an adverse impact on our business.

In November 2019, we announced an exploration and evaluation of strategic alternatives that have the potential to maximize value for our shareholders. Although we have announced certain initiatives that we are taking as a result of the strategic review process to date, the strategic review process is not completed. The process of reviewing strategic alternatives has been and may continue to be time consuming and disruptive to our business operations and, if we are unable to effectively manage the process, our business, financial condition and results of operations could be adversely affected. We have incurred and could continue to incur substantial expenses associated with evaluating potential strategic alternatives. This process could also increase our exposure to potential litigation. There can be no assurance that the recently announced initiatives with respect to our organizational structure, cost saving measures and capital allocation policies, or any other potential initiative or transaction that we may pursue, will provide greater value to our shareholders than that reflected in the current price of our common stock or otherwise be successfully implemented. Until the review process is concluded, perceived uncertainties related to our future may result in volatility in the market price of our common stock and may make it more difficult for us to attract and retain qualified personnel and business partners.

There are risks and uncertainties associated with the recently announced changes to our organizational structure and streamlining of our corporate support functions.

We recently announced certain initiatives resulting from our strategic review process to date. These include consolidating the leadership and organizational structure of our casual dining brands and streamlining corporate support functions. These actions are designed to generate significant cost savings over the next couple of years, while maintaining our top priority of driving profitable sales. However, these initiatives involve significant changes to our organization and operations and could be more complicated, time consuming and costly to implement than we currently anticipate. There can be no assurance that we will be able to achieve the targeted cost savings, in a timely manner or at all, or that our actions will not have unforeseen or underestimated adverse effects on our sales or results of operations. In addition, various factors that are outside of our control and are difficult to predict, including general market conditions and industry trends, may affect whether we are able to successfully implement these initiatives.

Food safety and food-borne illness concerns in our restaurants or throughout the industry or supply chain may have an adverse effect on our business by reducing demand and increasing costs.

Regardless of the source or cause, any report of food-borne illnesses and other food safety issues, whether at one of our restaurants or in the industry or supply chain generally, could have a negative impact on our traffic and sales and adversely affect the reputation of our brands. Food safety issues could be caused by suppliers or distributors and, as a result, be out of our control. Health concerns or outbreaks of disease in a food product could also reduce demand for particular menu offerings. Even instances of food-borne illness, food tampering or food contamination occurring solely at restaurants of other companies could result in negative publicity about the food service industry generally and adversely impact our sales. Social media has dramatically increased the rate at which negative publicity, including as it relates to food-borne illnesses, can be disseminated before there is any meaningful opportunity to respond or address an issue. The occurrence of food-borne illnesses or food safety issues could also adversely affect the price and availability of affected ingredients, resulting in higher costs and lower margins.

The restaurant industry is highly competitive and consumer options for other prepared food offerings continue to expand. Our inability to compete effectively could adversely affect our business, financial condition and results of operations.

A substantial number of restaurant operators compete directly and indirectly with us with respect to price, service, location and food quality, some of which are well-established with significant resources. There is also active competition for management and other personnel, and attractive suitable real estate sites. Consumer tastes, nutritional and dietary trends, traffic patterns and the type, number and location of competing restaurants often affect the restaurant business, and our competitors may react more efficiently, creatively and effectively to those conditions. In addition, our competitors may generate or better implement business strategies that improve the value and relevance of their brands and reputation, relative to ours. For example, our competitors may more successfully implement menu or technology initiatives, such as remote ordering, social media or mobile technology platforms that expedite or enhance the customer experience. In addition, our competitors may more successfully implement delivery and off-site initiatives. Further, we face growing competition from quick service and fast casual restaurants, the supermarket industry and meal kit and food delivery providers, with the improvement of prepared food offerings and the trend towards convergence in grocery, deli, retail and restaurant services. We believe all of the above factors have increased competitive pressures in the casual dining sector in recent periods and we believe they will continue to present a challenging competitive environment in future periods. If we are unable to continue to compete effectively, our traffic, sales and margins could decline and our business, financial condition and results of operations would be adversely affected.

We are subject to various federal and state employment and labor laws and regulations.

Various federal and state employment and labor laws and regulations govern our relationships with our employees and affect operating costs, and similar laws and regulations apply to our operations outside of the U.S. These laws and regulations relate to matters including employment discrimination, minimum wage requirements, overtime, tip credits, unemployment tax rates, workers’ compensation rates, working conditions, immigration status, tax reporting and other wage and benefit requirements. Any significant additional government regulations and new laws governing our relationships with employees, including minimum wage increases, mandated benefits or other requirements that impose additional obligations on us, could increase our costs and adversely affect our business and results of operations.

As a significant number of our food service and preparation personnel are paid at rates related to the applicable minimum wage, federal, state and local proposals related to minimum wage requirements or similar matters could, to the extent implemented, materially increase our labor and other costs. Several states in which we operate have recently approved minimum wage increases. As minimum wage increases are implemented in these states or any other states in which we operate in the future, we expect our labor costs will continue to increase. Our ability to respond to minimum wage increases by increasing menu prices depends on the responses of our competitors and consumers. Our distributors and suppliers could also be affected by higher minimum wage, benefit standards and compliance costs, which could result in higher costs for goods and services supplied to us.

We rely on our employees to accurately disclose the full amount of their tip income, and we base our FICA tax reporting on the disclosures provided to us by such tipped employees. Inaccurate employee FICA tax reporting could subject us to monetary liabilities, which could harm our business, results of operations and financial condition.

Challenging economic conditions may have a negative effect on our business and financial results.

Challenging economic conditions may negatively impact consumer spending and thus cause a decline in our financial results. For example, international, domestic and regional economic conditions, consumer income levels, financial market volatility, social unrest, governmental, political and budget matters and a slow or stagnant pace of economic growth generally may have a negative effect on consumer confidence and discretionary spending, which the restaurant industry depends upon. In addition, it is difficult to predict what impact, if any, the U.S. presidential election in 2020 and its outcome could have on consumer confidence and discretionary spending. In recent years, we believe these factors and conditions may have affected consumer traffic and comparable restaurant sales for us and throughout our industry and may continue to contribute to a challenging sales environment in the casual dining sector. A decline in economic conditions or negative developments with respect to any of the other factors mentioned above, or a perception that such decline or negative developments are imminent, generally or in particular markets in which we operate, and our consumers’ reactions to these trends could result in increased pressure with respect to our pricing, traffic levels, commodity and other costs and the continuation of our innovation and productivity initiatives, which could negatively impact our business and results of operations. These factors could also cause us to, among other things, reduce the number and frequency of new restaurant openings, close restaurants or delay remodeling of our existing restaurant locations. Further, poor economic conditions may force nearby businesses to shut down, which could cause our restaurant locations to be less attractive.

Cyber security breaches of confidential consumer, personal employee and other material information and other threats to our technological systems may adversely affect our business.

A cyber incident that compromises the information of our consumers or employees, whether affecting our technological systems or those of third-party service providers that we rely on, could result in widespread negative publicity, damage to the reputation of our brands, a loss of consumers, an interruption of our business and legal liabilities.

The majority of our restaurant sales are by credit or debit cards, and we maintain certain personal information regarding our employees and confidential information about our customers, franchisees and suppliers. Although we segment our card data environment and employ a cyber security protection program based upon industry frameworks, as well as scan and improve our environment for any vulnerabilities, perform penetration testing and engage third parties to assess effectiveness of our security measures with oversight by our Audit Committee, there are no assurances that such programs will prevent or detect all potential cyber security breaches or technological failures.

Our operations and corporate functions rely heavily on information systems, including point-of-sale processing in our restaurants, management of our supply chain, payment of obligations, collection of cash, data warehousing to support analytics, finance and accounting systems, mobile technologies to enhance the customer experience and other various processes and procedures, some of which are handled by third parties. Our ability to efficiently and effectively manage our business depends significantly on the reliability and capacity of these systems. The failure of these systems to operate effectively, system maintenance problems, upgrading or transitioning to new platforms, or any cyber incident relating to these systems could expose our systems or information to cyber threats, result in delays in consumer service, reduced efficiency in our operations or result in negative publicity. Despite our security measures, our technology systems may be vulnerable to damage, disability or failures due to physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, employee error or malfeasance, denial of service and ransomware attacks, viruses, worms and other disruptive problems.

From time to time we have been, and likely will continue to be, the target of attempted cyber and other security threats, including those common to most industries and those targeting us due to the confidential consumer information we obtain through our electronic processing of credit and debit card transactions. A security breach or even a perceived security breach or failure to appropriately respond to a cyber incident could result in litigation or governmental investigation, as well as damage to our reputation and brands. We are subject to a variety of continuously evolving laws and regulations regarding privacy, data protection and data security at federal, state and international levels. The California Consumer Privacy Act, for example, became effective January 1, 2020 and provides a new private right of action to California residents related to data breaches and imposes new disclosure and other requirements on companies with respect to their data collection, use and sharing practices as they relate to California residents. A claim or investigation resulting from a cyber or other security threat to our systems and data may have a material adverse effect on our business and the potential of incurring significant remediation costs. As cyber security risk and applicable laws and regulations evolve, we may incur significant additional costs in technology, third-party services and personnel to maintain systems designed to anticipate and prevent cyber-attacks.

Increased commodity, energy and other costs could decrease our profit margins or cause us to limit or otherwise modify our menus or increase prices, which could adversely affect our business.

The performance of our restaurants depends on our ability to anticipate and react to changes in the price and availability of food commodities. Our business also incurs significant costs for energy, insurance, labor, marketing and real estate. Prices may be affected by supply, market changes, increased competition, the general risk of inflation, changes in laws, shortages or interruptions in supply due to weather, disease or other conditions beyond our control, or other reasons. Increased prices or shortages could affect the cost and quality of the items we buy or require us to raise prices, limit our menu options or implement alternative processes or products. As a result, these events, combined with other more general economic and demographic conditions, could impact our pricing and negatively affect our sales and profit margins.

Our failure to comply with government regulation related to our restaurant operations, and the costs of compliance or non-compliance, could adversely affect our business.

We are subject to various federal, state, local and foreign laws affecting our business. Each of our restaurants is subject to licensing and regulation by a number of governmental authorities, which may include, among others, alcoholic beverage control, food safety, nutritional menu labeling, health care, environmental and fire agencies in the state, municipality or country in which the restaurant is located. Our suppliers are also subject to regulation in some of these areas. Any difficulties or inabilities to retain or renew licenses, or increased compliance costs due to changed regulations, could adversely affect operations at existing restaurants. Additionally, difficulties in obtaining or failing to obtain the required licenses or approvals could delay or prevent the development of new restaurants. We are subject to various U.S. federal, state and international laws and regulations related to the offer and sale of franchises. Failure to comply with these laws could adversely affect the results we generate from franchises or otherwise impose costs on us.

Alcoholic beverage sales represent 14% of our consolidated restaurant sales and are subject to extensive state and local licensing and other regulations. The failure of a restaurant to obtain or retain a liquor license would adversely affect that restaurant's operations. In addition, we are subject to "dram shop" statutes in certain states. These statutes generally provide a person injured by an intoxicated person the right to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated person.

The food service industry is affected by consumer preferences and perceptions. Changes in these preferences and perceptions may lessen the demand for our products, which would reduce sales and harm our business.

Food service businesses are affected by changes in consumer tastes and demographic trends. For instance, if prevailing health or dietary preferences cause consumers to avoid steak and other products we offer in any of our concepts in favor of foods or ingredients that are perceived as healthier or otherwise reflect popular demand, our business and operating results would be harmed. Various factors such as: (i) the Food and Drug Administration's menu labeling rules, (ii) nutritional guidelines issued by the United States Department of Agriculture and issuance of similar guidelines or statistical information by state or local municipalities and (iii) academic studies, may impact consumer choice and cause consumers to select foods other than those that are offered by our restaurants. If we are unable to anticipate or successfully respond to changes in consumer preferences, our results of operations could be adversely affected, generally or in particular concepts or markets.

Our relationships with third party delivery services and ability to grow sales through delivery orders are subject to risks.

We maintain relationships with various third-party delivery apps and services, and we have granted exclusive third-party delivery service rights to DoorDash with respect to our Outback Steakhouse restaurants. Our sales may be negatively affected if these platforms are damaged or interrupted through technological failures or otherwise. The drivers fulfilling third-party delivery orders may make errors or fail to make timely deliveries such that our food or brands are poorly represented. This could cause reputational harm or adversely impact sales and customer satisfaction. Our sales through these services may also depend on the availability of delivery drivers, who are generally independent contractors.

If our delivery service providers are not able to effectively compete with other third-party delivery services, our delivery sales may be adversely impacted. Our relationships with these third-party delivery services are relatively new, and the level of sales they may generate and overall customer experience provided through such services remain uncertain. Our sales and brand reputation could be harmed as a result, and these orders could discourage potentially more profitable in-restaurant or carryout sales.

Changes in tax laws and unanticipated tax liabilities could adversely affect the taxes we pay and our profitability.

We are subject to income and other taxes in the United States and numerous foreign jurisdictions. Our effective income tax rate and other taxes in the future could be adversely affected by a number of factors, including changes in the mix of earnings in countries with different statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws or other legislative changes and the outcome of income tax audits. Although we believe our tax estimates are reasonable, the final determination of tax audits could be materially different from our historical income tax provisions and accruals. The results of a tax audit could have a material effect on our results of operations or cash flows in the period or periods for which that determination is made. In addition, our effective income tax rate and our results may be impacted by our ability to realize deferred tax benefits, including our FICA tip credit carryforwards, and by any increases or decreases of our valuation allowances applied to our existing deferred tax assets. Additional tax regulations and interpretations of the Tax Cuts and Jobs Act are expected to be issued, and no assurance can be made that future guidance will not adversely affect our business or financial condition.

Risks associated with our remodeling, relocation and expansion plans may have adverse effects on our operating results.

As part of our business strategy, we intend to continue to remodel, relocate and expand our current portfolio of restaurants. Our 2020 development schedule calls for nine U.S. Outback Steakhouse relocations and the construction of approximately 25 new system-wide locations, with the majority in Brazil. A variety of factors could cause the actual results and outcome of those plans to differ from the anticipated results, including among other things:

- the availability of attractive sites for new or relocated restaurants;
- acquiring or leasing those sites at acceptable prices and other terms;
- funding or financing our development, given competing priorities for use of capital;
- obtaining all required permits, approvals and licenses on a timely basis;
- recruiting and training skilled management and restaurant employees and retaining those employees on acceptable terms;
- weather, natural disasters and other events or factors beyond our control resulting in construction or other delays; and
- consumer tastes in new geographic regions and acceptance of our restaurant concepts and awareness of our brands in those regions.

It is difficult to estimate the performance of newly opened restaurants. Earnings achieved by restaurants open for less than two years may not be indicative of future operating results. If new restaurants do not meet targeted performance, it could have a material adverse effect on our operating results, including any impairment losses that we may be required to recognize. There is also the possibility that new restaurants may attract consumers away from other restaurants we own, thereby reducing the revenues of those existing restaurants, or that we will incur unrecoverable costs in the event a development project is abandoned prior to completion.

Some of the challenges described above could be more significant in international markets in which we have more limited experience, either generally or with a particular brand. Those markets are likely to have different competitive conditions, consumer tastes, discretionary spending patterns and brand awareness, which may cause our new restaurants to be less successful than restaurants in our existing markets or make it more difficult to estimate the performance of new restaurants.

In addition, in an effort to increase same-restaurant sales and improve our operating performance, we continue to make improvements to our facilities through our remodeling and relocation programs. We also close underperforming restaurants from time to time in order to improve the performance of our brands. As demographic and economic patterns change or there are declines in neighborhoods where our restaurants are located or adverse economic conditions in local areas, current locations may not continue to be attractive or profitable. Because we lease a significant majority of our restaurants, we incur significant lease termination expenses when we close or relocate a restaurant and are often obligated to continue rent and other lease related payments after restaurant closure. We also incur significant asset impairment and other charges in connection with closures and relocations. If the expenses associated with remodels, relocations or closures are higher than anticipated, we cannot find suitable locations or remodeled or relocated restaurants do not perform as expected, these programs may not yield the desired return on investment, which could have a negative effect on our operating results.

We face a variety of risks associated with doing business in foreign markets that could have a negative impact on our financial performance.

We have a significant number of restaurants outside of the United States, and we intend to continue our efforts to grow internationally. There is no assurance that international operations will be profitable or international growth will continue. In addition, if we have a significant concentration of restaurants in a foreign market the impact of any negative local conditions can have a sizable impact on our results.

Our foreign operations are subject to all of the same risks as our U.S. restaurants, as well as additional risks including, among others, international economic, political, social and legal conditions and the possibility of instability and unrest, differing cultures and consumer preferences, diverse government regulations and tax systems, corruption, anti-American sentiment, the ability to source high quality ingredients and other commodities in a cost-effective manner, uncertain or differing interpretations of rights and obligations in connection with international franchise agreements and the collection of ongoing royalties from international franchisees, the availability and costs of land, construction and financing, and the availability of experienced management, appropriate franchisees and area operating partners.

Local or regional events or conditions in our international markets could affect our results. For example, during 2019, Hong Kong political protests led to violence and disrupted business operations. During 2018, unrest surrounding the presidential election in Brazil led to protests and a lengthy truckers strike that negatively impacted the Brazilian economy, causing supply shortages and transportation gridlock that resulted in lost operating days for many businesses, including our restaurants. It is too early to assess the impact the coronavirus outbreak recently identified in Wuhan, China will have on consumer behavior in affected regions where we or our franchisees operate.

Currency regulations and fluctuations in exchange rates could also affect our performance. We have operations in many foreign countries, including direct investments in restaurants in Brazil and Hong Kong/China, as well as international franchises. As a result, we may experience losses from fluctuations in foreign currency exchange rates or any hedging arrangements that we enter into to offset such fluctuations, and such losses could adversely affect our overall sales and earnings.

We are subject to governmental regulation of our foreign operations, including antitrust and tax requirements, anti-boycott regulations, import/export/customs regulations and other international trade regulations, the USA Patriot Act and the Foreign Corrupt Practices Act. Any new regulatory or trade initiatives could impact our operations in certain countries. Failure to comply with any such legal requirements could subject us to monetary liabilities and other sanctions, which could harm our business, results of operations and financial condition.

Loss of key management personnel could hurt our business and inhibit our ability to operate and grow successfully.

Our success will continue to depend, to a significant extent, on our leadership team and other key management personnel. If we are unable to attract and retain sufficiently experienced and capable management personnel, our business and financial results may suffer.

Failure to recruit, train and retain high-quality restaurant management and team members may result in lower guest satisfaction and lower sales and profitability.

Our restaurant-level management and team members are largely responsible for the quality of our service. Our guests may be dissatisfied and our sales may decline if we fail to recruit, train and retain managers and team members that effectively implement our business strategy and provide high quality guest service. There is active competition for quality management personnel and hourly team members. If we experience high turnover, we may experience higher labor costs and have a shortage of adequate management personnel required for future growth.

Our success depends substantially on the value of our brands and our ability to execute innovative marketing and consumer relationship initiatives to maintain brand relevance and drive profitable sales growth.

Our success depends on our ability to preserve and grow our brands. Our brand value and reputation are especially important to differentiate our concepts in the highly competitive casual dining sector to achieve sustainable same-restaurant sales growth and warrant new unit growth. Brand value and reputation is based in large part on consumer perceptions, which are driven by both our actions and by actions beyond our control, such as new brand strategies or their implementation, business incidents, ineffective advertising or marketing efforts, or unfavorable mainstream or social media publicity involving us, our industry, our franchisees, or our suppliers. A failure to innovate and extend our brands in ways that are relevant to consumers and occasions in order to generate sustainable same-restaurant traffic growth, and produce non-traditional sales and earnings growth opportunities, could have an adverse effect on our results of operations. Additionally, insufficient focus on our competition or failure to adequately address declines in the casual dining industry, could adversely impact results of operations.

If our competitors increase their spending on advertising, promotions and loyalty programs, if our advertising, media or marketing expenses increase, or if our advertising, promotions and loyalty programs become less effective than those of our competitors, or if we do not adequately leverage technology and data analytic capabilities needed to generate concise competitive insight, our results of operations could be materially and adversely effected.

Our inability or failure to recognize, respond to and effectively manage the accelerated impact of social media could have a material adverse impact on our business.

There has been a marked increase in the use of social media platforms and similar devices that allow individuals to access a broad audience of consumers and other interested persons. The availability of information on social media platforms is virtually immediate as is its impact, and users can post information often without filters or checks on the accuracy of the content posted. Adverse or inaccurate information concerning our company or concepts may be posted on such platforms at any time, and such information can quickly reach a wide audience. Social media has also increasingly been utilized to target specific companies or brands as a result of a variety of actions or inactions, or perceived actions or inactions, that are disfavored by interest groups and such campaigns can rapidly accelerate and impact consumer behavior. The harm may be immediate without affording us an opportunity for redress or correction, and it is challenging to monitor and anticipate developments on social media in order to respond in an effective and timely manner. We could also be exposed to these risks if we fail to use social media responsibly in our marketing efforts. These factors could have a material adverse effect on our business. Regardless of its basis or validity, any unfavorable publicity could adversely affect public perception of our brands.

Although search engine marketing, social media and other new technological platforms offer great opportunities to increase awareness of and engagement with our brands, a failure to use social media responsibly in our marketing efforts may further expose us to these risks. Many of our competitors are expanding their use of social media and new social media platforms are rapidly being developed, potentially making more traditional social media platforms obsolete. As a result, we need to continuously innovate and develop our social media strategies in order to maintain broad appeal with guests and brand relevance. As part of our marketing efforts, we rely on search engine marketing and social media platforms to attract and retain guests. We also continue to invest in other digital marketing initiatives that allow us to reach our guests across multiple digital channels and build their awareness of, engagement with, and loyalty to our brands. These initiatives may not be successful, resulting in expenses incurred without the benefit of higher revenues, increased employee engagement or brand recognition. In addition, a variety of risks are associated with the use of social media, including the improper disclosure of proprietary information, negative comments about us, exposure of personally identifiable information, fraud, or out-of-date information. The inappropriate use of social media vehicles by our guests or employees could increase our costs, lead to litigation or result in negative publicity that could damage our reputation.

An impairment in the carrying value of our goodwill or other intangible or long-lived assets could adversely affect our financial condition and results of operations.

Along with other intangible assets, we test goodwill for impairment annually and whenever events or changes in circumstances indicate that its carrying value may not be recoverable. We also evaluate long-lived assets on a quarterly basis or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. We cannot accurately predict the amount and timing of any impairment of assets. A significant amount of judgment is involved in determining if an indication of impairment exists. Should the value of goodwill or other intangible or long-lived assets become impaired, there could be an adverse effect on our financial condition and consolidated results of operations.

We have limited control with respect to the operations of our franchisees, which could have a negative impact on our business.

Our franchisees are contractually obligated to operate their restaurants in accordance with our standards and we provide training and support to franchisees. However, franchisees are independent third parties that we do not control, and these franchisees own, operate and oversee the daily operations of their restaurants. As a result, the ultimate success and quality of any franchise restaurant rests with the franchisee. If franchisees do not successfully operate restaurants in a manner consistent with our product and service quality standards and contractual requirements, our image and reputation could be harmed, which in turn could adversely affect our business and operating results.

A significant portion of our financial results are dependent upon the operational and financial success of our franchisees. If sales trends or economic conditions worsen for franchisees, their financial results may worsen and our royalty, rent and other fee revenues may decline. In addition, we may also incur expenses in connection with supporting franchise restaurants that are underperforming. When Company-owned restaurants are sold to a franchisee, one of our subsidiaries is often required to remain responsible for lease payments for the sold restaurants to the extent the purchasing franchisees defaults on their leases. During periods of declining sales and profitability of franchisees, the incidence of franchisee defaults for these lease payments may increase and we may be required to make lease payments and seek recourse against the franchisee or agree to repayment terms.

We have a limited number of suppliers for our major products and rely on one custom distribution company for our national distribution programs in the U.S. and Brazil. If our suppliers or custom distributors are unable to fulfill their obligations under their contracts or we are unable to develop or maintain relationships with these or new suppliers or distributors, if needed, we could encounter supply shortages and incur higher costs.

We depend on frequent deliveries of fresh food products that meet our specifications, and we have a limited number of suppliers for our major products, such as beef. In 2019, we purchased: (i) approximately 95% of our U.S. beef raw materials from four beef suppliers that represent more than 80% of the total beef marketplace in the U.S and (ii) approximately 90% of our Brazil beef raw materials from two beef suppliers that represent approximately 45% of the total Brazil beef marketplace. Due to the nature of our industry, we expect to continue to purchase a substantial amount of our beef from a small number of suppliers. We also primarily use one supplier in the U.S. and Brazil, respectively, to process beef raw materials to our specifications and we use one distribution company to provide distribution services in the U.S and Brazil, respectively. Although we have not experienced significant problems with our suppliers or distributors, if our suppliers or distributors are unable to fulfill their obligations under their contracts, we could encounter supply shortages and incur higher costs.

In addition, if we are unable to maintain current purchasing terms or ensure service availability with our suppliers and distributors, we may lose consumers and experience an increase in costs in seeking alternative supplier or distribution services. The failure to develop and maintain supplier and distributor relationships and any resulting disruptions to the provision of food and other supplies to our restaurant locations could adversely affect our operating results.

Failure to achieve our projected cost savings from our efficiency initiatives could adversely affect our results of operations and eliminate potential funding for growth opportunities.

In recent years, we have identified strategies and taken steps to reduce operating costs and free up resources to reinvest in our business. These strategies include improved supply chain management, implementing labor scheduling tools and integrating restaurant information systems across our brands. We continue to evaluate and implement further cost-saving initiatives. However, the ability to reduce our operating costs through these initiatives is subject to risks and uncertainties, such as our ability to obtain improved supply pricing and the reliability of any new suppliers or technology, and we cannot assure that these activities, or any other activities that we may undertake in the future, will achieve the desired cost savings and efficiencies. Failure to achieve such desired savings could adversely affect our results of operations and financial condition and curtail investment in growth opportunities.

There are risks and uncertainties associated with initiatives that we may implement.

From time to time, we consider various initiatives in order to grow and evolve our business and brands and improve our operating results. These initiatives could include, among other things, acquisitions, development or dispositions of restaurants or brands, new joint ventures, new franchise arrangements, restaurant closures and changes to our operating model. There can be no assurance that any such actions or initiatives will be successful or deliver their anticipated benefits. We may be exposed to new and unforeseen risks and challenges, particularly if we enter into markets or engage in activities with which we have no or limited prior experience, and it may be difficult to predict the success of such endeavors. If we incur significant expenses or divert management, financial and other resources to any initiative that is unsuccessful or does not meet our expectations, our results of operations and financial condition would be adversely affected. We may also incur significant asset impairment and other charges in connection with any such initiative. Regardless of the ultimate success of any initiative, the implementation and integration of new business or operational processes could be disruptive to our current operations. Even if we test and evaluate an initiative on a limited basis, the diversion of management time and resources could have an adverse effect on our business.

Our business is subject to seasonal and periodic fluctuations, and past results are not indicative of future results.

Historically, consumer traffic patterns for our established restaurants are generally highest in the first quarter of the year and lowest in the third quarter of the year. Holidays may also affect sales volumes seasonally in some of the markets in which we operate. In addition, our quarterly results have been and will continue to be affected by the timing of new restaurant openings and their associated pre-opening costs, as well as restaurant closures and exit-related costs, debt extinguishment and modification costs and impairments of goodwill, intangible assets and property, fixtures and equipment. As a result of these and other factors, our financial results for any quarter may not be indicative of the results that may be achieved for a full year.

Significant adverse weather conditions and other disasters or unforeseen events could negatively impact our results of operations.

Adverse weather conditions and natural disasters and other unforeseen events, such as winter storms, severe temperatures, thunderstorms, floods, hurricanes and earthquakes, terrorist attacks, war and widespread/pandemic illness, and the effects of such events on economic conditions and consumer spending patterns, could negatively impact our results of operations. Temporary and prolonged restaurant closures may occur and consumer traffic may decline due to the actual or perceived effects from these events. For example, severe winter weather conditions and hurricanes have impacted our traffic, and that of our franchises, and results of operations in recent years. It is too early to assess the impact the coronavirus outbreak recently identified in Wuhan, China will have on consumer behavior in affected regions where we or our franchisees operate.

Our failure or inability to enforce our trademarks or other proprietary rights could adversely affect our competitive position or the value of our brand.

Our trademarks, including Outback Steakhouse, Carrabba's Italian Grill, Bonefish Grill, Fleming's Prime Steakhouse & Wine Bar and Bloomin' Onion, and other proprietary rights are important to our success and our competitive position. The protective actions that we take may not be sufficient to prevent unauthorized usage or imitation by others, which could harm our image, brand or competitive position. Furthermore, our ability to protect trademarks and other proprietary rights may be more limited in certain international markets where we operate.

Litigation could have a material adverse impact on our business and our financial performance.

We are subject to lawsuits, administrative proceedings and claims that arise in the regular course of business. These matters typically involve claims by consumers and others regarding issues such as food borne illness, food safety, premises liability, "dram shop" statute liability, promotional advertising and other operational issues common to the food service industry, as well as contract disputes and intellectual property infringement matters. We are also subject to employee claims against us based on, among other things, discrimination, harassment, wrongful termination, disability, or violation of wage and labor laws. We are also subject to the risk of being named a joint employer of workers of our franchisees for alleged violations of labor and wage laws. These claims may divert our financial and management resources that would otherwise be used to benefit our operations. The ongoing expense of any resulting lawsuits, and any substantial settlement payment or damage award against us, could adversely affect our business and results of operations. Significant legal fees and costs in complex class action litigation or an adverse judgment or settlement that is not insured or is in excess of insurance coverage could have a material adverse effect on our financial position and results of operations.

Our insurance policies may not provide adequate levels of coverage against all claims, and fluctuating insurance requirements and costs could negatively impact our profitability.

We carry insurance programs with specific retention levels or high per-claim deductibles for a significant portion of our risks and associated liabilities with respect to workers' compensation, general liability, liquor liability, employment practices liability, property, health benefits, cyber security and other insurable risks. However, there are types of losses we may incur that cannot be insured against or that we believe are not commercially reasonable to insure. These losses, if they occur, could have a material and adverse effect on our business and results of operations. Additionally, if our insurance costs increase, there can be no assurance that we will be able to successfully offset the effect of such increases and our results of operations may be adversely affected.

Failure to maintain effective systems of internal control over financial reporting and disclosure controls and procedures could adversely affect our business and financial results.

Effective internal control over financial reporting is necessary for us to provide accurate financial information. If we are unable to adequately maintain effective internal control over financial reporting, we may not be able to accurately report our financial results, which could cause investors to lose confidence in our reported financial information and negatively affect the trading price of our common stock. Furthermore, we cannot be certain that our internal control over financial reporting and disclosure controls and procedures will prevent all possible error and fraud, including through cyber attacks. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of error or fraud, if any, in our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake, which could have an adverse impact on our business. A significant financial reporting failure or material weakness in internal control over financial reporting could cause a loss of investor confidence and decline in the market price of our common stock, increase our costs, lead to litigation or result in negative publicity that could damage our reputation.

Future changes to existing accounting rules, accounting standards, new pronouncements and varying interpretations of pronouncements, or the questioning of current accounting practices may adversely affect our reported financial results. Additionally, our assumptions, estimates and judgments related to complex accounting matters could significantly affect our financial results. Generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including but not limited to, revenue recognition, impairment of long-lived assets, leases and related economic transactions, derivatives, intangibles, self-insurance, income taxes, property and equipment, unclaimed property laws and litigation, and stock-based compensation are highly complex and involve many subjective assumptions, estimates and judgments by us. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments by us could significantly change our reported or expected financial performance.

Risks Related to Our Indebtedness

Our substantial leverage and our ability to refinance our indebtedness in the future could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry and expose us to interest rate risk in connection with our variable-rate debt.

We are highly leveraged. As of December 29, 2019, our total indebtedness was $1.0 billion and we had $380.8 million in available unused borrowing capacity under our revolving credit facility, net of undrawn letters of credit of $20.2 million.

Our high degree of leverage could have important consequences, including:

- making it more difficult for us to make payments on indebtedness;
- increasing our vulnerability to general economic, industry and competitive conditions and the various risks we face in our business;
- increasing our cost of borrowing;
- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, thereby reducing our ability to use our cash flow to fund our operations, capital expenditures, dividend payments, share repurchases and future business opportunities;
- exposing us to the risk of increased interest rates because certain of our borrowings are at variable rates of interest;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- limiting our ability to obtain additional financing for working capital, capital expenditures, restaurant development, debt service requirements, acquisitions and general corporate or other purposes; and
- limiting our ability to adjust to changing market conditions and placing us at a competitive disadvantage compared to our competitors who may not be as highly leveraged.

We may incur substantial additional indebtedness in the future, subject to the restrictions contained in our senior secured credit facilities (the "Senior Secured Credit Facility"). If new indebtedness is added to our current debt levels, the related risks that we now face could increase.

As of December 29, 2019, we had $1.0 billion of variable-rate debt outstanding under our Senior Secured Credit Facility, which matures on November 2022. We also have variable-to-fixed interest rate swap agreements with various counterparties to hedge a portion of the cash flows of our variable rate debt. Our active swap agreements have an aggregate notional amount of $550.0 million and mature on November 30, 2022. While this agreement limits our exposure to higher interest rates, an increase in the floating rate could nonetheless cause a material increase in our interest expense due to the total amount of our outstanding variable rate indebtedness.

Our Senior Secured Credit Facility allows us to incur variable debt that is indexed to the London Inter-Bank Offered Rate ("LIBOR"). On July 27, 2017, the United Kingdom's Financial Conduct Authority announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. These reforms may cause LIBOR to cease to exist, new methods of calculating LIBOR to be established or the establishment of an alternative reference rate(s). As a result, our interest expense may increase and our available cash flow may be adversely affected.

We cannot be certain that our financial condition or credit and other market conditions will be favorable when our Senior Secured Credit Facility matures in 2022, or at any earlier time we may seek to refinance our debt. If we are unable to refinance our indebtedness on favorable terms, our financial condition and results of operations would be adversely affected.

Our debt agreements contain restrictions that limit our flexibility in operating our business.

Certain of our debt agreements limit our and our subsidiaries' abilities to, among other things, incur or guarantee additional indebtedness, pay dividends on, redeem or repurchase our capital stock, make certain acquisitions or investments, incur or permit to exist certain liens, enter into transactions with affiliates or sell our assets to, merge or consolidate with or into, another company. Our debt agreements require us to satisfy certain financial tests and ratios. Our ability to satisfy such tests and ratios may be affected by events outside of our control.

If we breach the covenants under our debt agreements, the lenders could elect to declare all amounts outstanding under the agreements to be immediately due and payable and terminate all commitments to extend further credit. If we are unable to repay those amounts, the lenders could proceed against the collateral granted to them to secure that indebtedness. We have pledged substantially all of our assets as collateral under our debt agreement. If our lenders accelerate the repayment of borrowings, we cannot be certain that we will have sufficient assets to repay them.

We may not be able to generate sufficient cash to service all of our indebtedness and operating lease obligations, and we may be forced to take other actions to satisfy our obligations under our indebtedness and operating lease obligations, which may not be successful. If we fail to meet these obligations, we would be in default under our debt agreements and the lenders could elect to declare all amounts outstanding under them to be immediately due and payable and terminate all commitments to extend further credit.

Our ability to make scheduled payments on our debt obligations and to satisfy our operating lease obligations depends upon our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to financial, business and other factors, many of which are beyond our control. We cannot be certain that we will maintain a level of cash flow from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, or to pay our operating lease obligations. If our cash flow and capital resources are insufficient to fund our debt service obligations and operating lease obligations, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of sufficient operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations or take other actions to meet our debt service and other obligations. Our debt agreements restrict our ability to dispose of assets and how we may use the proceeds from the disposition. We may not be able to consummate those dispositions or to obtain the proceeds that we could otherwise realize from such dispositions and any such proceeds that are realized may not be adequate to meet any debt service obligations then due. The failure to meet our debt service obligations or the failure to remain in compliance with the financial covenants under our debt agreements would constitute an event of default under those agreements and the lenders could elect to declare all amounts outstanding under them to be immediately due and payable and terminate all commitments to extend further credit.

Risks Related to Our Common Stock

Our stock price is subject to volatility.

The stock market in general is highly volatile. As a result, the market price of our common stock is similarly volatile. The price of our common stock could be subject to wide fluctuations in response to a number of factors, some of which may be beyond our control. These factors include actual or anticipated fluctuations in our operating results, changes in or our ability to achieve estimates of our operating results by analysts, investors or management, analysts' recommendations regarding our stock or our competitors' stock, sales of substantial amounts of our common stock by our stockholders, actions or announcements by us or our competitors, the maintenance and growth of the value of our brands, litigation, legislation or other regulatory developments affecting us or our industry, natural disasters, cyber attacks, terrorist acts, war or other calamities and changes in general market and economic conditions.

If we are unable to continue to pay dividends or repurchase our stock, investment in our common stock may decline in value.

As part of our recently announced initiatives resulting from the strategic review process to date, we announced a more balanced capital allocation policy that included doubling our quarterly cash dividend and a focus on debt reduction, while continuing to opportunistically repurchase shares of our common stock. The continuation of these programs, at all or consistent with past levels, will require the generation of sufficient cash flows and the existence of surplus earnings. If we are not able to maintain the increased dividend at our targeted payout ratio, or reduce or eliminate our dividend, the price of our common stock may fall. In addition, we have repurchased a significant amount of our common stock in the past few years and there can be no assurance that reduced repurchasing activity under our more balanced capital allocation policy will not have an adverse effect on the price of our common stock.

Any decisions to declare and pay dividends and continue stock repurchase programs in the future will be made at the discretion of our Board of Directors and will depend on, among other things, our results of operations, financial condition, cash requirements, borrowing capacity, contractual restrictions including debt covenants and other factors that our Board of Directors may deem relevant at the time.

Provisions in our certificate of incorporation and bylaws, our Senior Secured Credit Facility and Delaware law may discourage, delay or prevent a change of control of our company or changes in our management and, therefore, may depress the trading price of our stock.

Our certificate of incorporation and bylaws include certain provisions that could have the effect of discouraging, delaying or preventing a change of control of our company or changes in our management.

In addition, our Senior Secured Credit Facility includes change of control provisions that require that no stockholder or "group" within the meaning of Sections 13(d) and 14(d) of the Exchange Act has obtained more than 40% of our voting power.

These provisions may discourage, delay or prevent a transaction involving a change in control of the Company that is in the best interests of our stockholders. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging future takeover attempts.

Section 203 of the Delaware General Corporation Law may affect the ability of an "interested stockholder" to engage in certain business combinations, including mergers, consolidations or acquisitions of additional shares, for a period of three years following the time that the stockholder becomes an "interested stockholder." An "interested stockholder" is defined to include persons owning directly or indirectly 15% or more of the outstanding voting stock of a corporation. Although we have elected in our certificate of incorporation not to be subject to Section 203 of the Delaware General Corporation Law our certificate of incorporation contains provisions that have the same effect as Section 203, except that they provide that our former private equity sponsors will not be deemed to be "interested stockholders," regardless of the percentage of our voting stock owned by them, and accordingly will not be subject to such restrictions.

Our ability to raise capital in the future may be limited, which could make us unable to fund our capital requirements.

Our business and operations may consume resources faster than we anticipate. In the future, we may need to raise additional funds through the issuance of new equity securities, debt or a combination of both. Additional financing may not be available on favorable terms or at all. If adequate funds are not available on acceptable terms, we may be unable to fund our capital requirements. If we issue new debt securities, the debt holders would have rights senior to common stockholders to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. If we issue additional equity securities, existing stockholders may experience dilution, and the new equity securities could have rights senior to those of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future securities offerings reducing the market price of our common stock and diluting their interest.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2.Properties

We had 1,473 system-wide restaurants located across 48 states, Puerto Rico, Guam and 21 countries as of December 29, 2019. The following is a summary of our restaurant locations by country and territory as of December 29, 2019:

COMPANY-OWNED		FRANCHISE			
United States	1,045	United States	173		
International:		International:			
Brazil (1)	111	Argentina	1	Malaysia	2
China (Mainland)	1	Australia	8	Mexico	5
Hong Kong	16	Bahamas	1	Philippines	4
Total international Company-owned	128	Brazil	1	Puerto Rico	1
		Canada	2	Qatar	2
		Costa Rica	1	Saudi Arabia	7
		Dominican Republic	1	Singapore	1
		Ecuador	1	South Korea	72
		Guam	1	Thailand	1
		Indonesia	4	Turks and Caicos	1
		Japan	10		
		Total international franchise			127
Total Company-owned	1,173	Total franchise			300

(1) The restaurant count for Brazil is reported as of November 30, 2019 to correspond with the balance sheet date of this subsidiary.

We lease substantially all of our restaurant properties from third parties. As of December 29, 2019, our Company-owned restaurants were located on the following sites by segment:

	U.S.	INTERNATIONAL	TOTAL	PERCENTAGE OF TOTAL
Company-owned sites	27	—	27	2%
Leased sites:				
Land, ground and building leases	689	—	689	59%
Space and in-line leases	329	128	457	39%
Total Company-owned restaurant sites	1,045	128	1,173	100%

We also lease corporate offices in Tampa, Florida and São Paulo, Brazil.

Item 3. Legal Proceedings

For a description of our legal proceedings, see Note 20 - *Commitments and Contingencies* of the Notes to Consolidated Financial Statements of this Report.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

MARKET INFORMATION AND DIVIDENDS

Our common stock is listed on the Nasdaq Global Select Market under the symbol "BLMN".

We have paid quarterly cash dividends on shares of our common stock since 2015. Future dividend payments will depend on earnings, financial condition, capital expenditure requirements, surplus and other factors that our Board of Directors (our "Board") considers relevant. The terms of our debt agreements permit dividend payments, subject to certain restrictions.

HOLDERS

As of February 21, 2020, there were 42 holders of record of our common stock. The number of registered holders does not include holders who are beneficial owners whose shares are held in street name by brokers and other nominees.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table presents the securities authorized for issuance under our equity compensation plans as of December 29, 2019:

(shares in thousands)	(a)	(b)	(c)
PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (a)) (1)
Equity compensation plans approved by security holders	6,099	$ 19.40	3,311

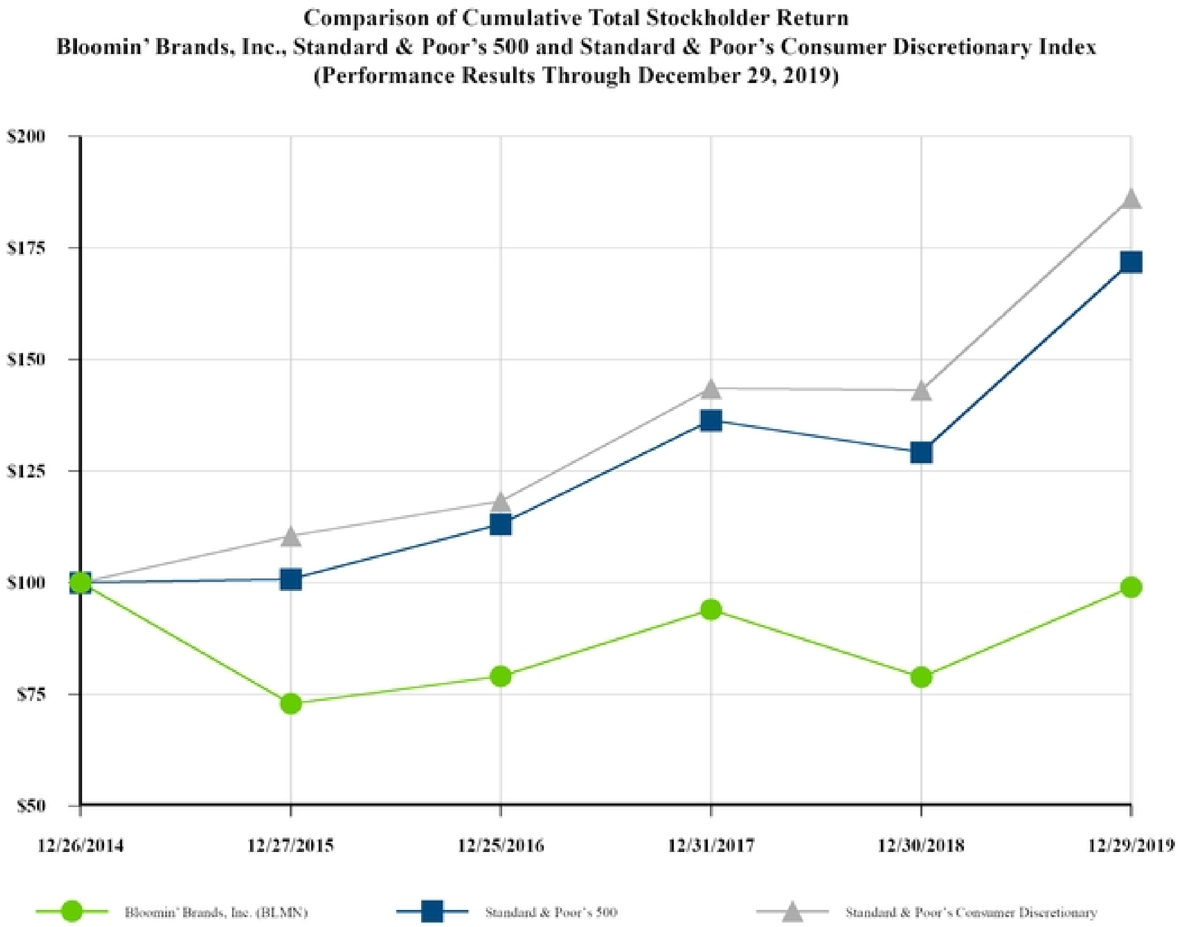
(1) The shares remaining available for issuance may be issued in the form of stock options, restricted stock units or other stock awards under the 2016 Omnibus Incentive Compensation Plan.

PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

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. We did not repurchase any shares of our outstanding common stock during the thirteen weeks ended December 29, 2019.

STOCK PERFORMANCE GRAPH

The following graph depicts total return to stockholders from December 26, 2014 through December 29, 2019, relative to the performance of the Standard & Poor's 500 Index and the Standard & Poor's 500 Consumer Discretionary Sector, a peer group. The graph assumes an investment of $100 in our common stock and in each index on December 26, 2014 (the last business day of the fiscal year of investment) and the reinvestment of dividends paid since that date. The stock price performance shown in the graph is not necessarily indicative of future price performance.



	DECEMBER 26, 2014	DECEMBER 27, 2015	DECEMBER 25, 2016	DECEMBER 31, 2017	DECEMBER 30, 2018	DECEMBER 29, 2019
Bloomin' Brands, Inc. (BLMN)	$ 100.00	$ 72.83	$ 79.03	$ 93.96	$ 78.78	$ 98.98
Standard & Poor's 500	100.00	100.76	113.12	136.32	129.22	171.82
Standard & Poor's Consumer Discretionary	100.00	110.45	118.24	143.48	143.09	186.12

Item 6. Selected Financial Data

(in thousands, except share and per share data)	FISCAL YEAR 2019	2018	2017	2016	2015
Operating Results:					
Revenues					
Restaurant sales	$ 4,075,014	$ 4,060,871	$ 4,164,063	$ 4,221,920	$ 4,349,921
Franchise and other revenues	64,375	65,542	59,073	38,753	27,755
Total revenues (1)	$ 4,139,389	$ 4,126,413	$ 4,223,136	$ 4,260,673	$ 4,377,676
Income from operations (2)	$ 191,090	$ 145,253	$ 138,686	$ 123,750	$ 230,925
Net income including noncontrolling interests (2) (3)	$ 134,117	$ 109,538	$ 103,608	$ 43,987	$ 131,560
Net income attributable to Bloomin' Brands (2) (3)	$ 130,573	$ 107,098	$ 101,293	$ 39,388	$ 127,327
Basic earnings per share	$ 1.47	$ 1.16	$ 1.05	$ 0.35	$ 1.04
Diluted earnings per share (4)	$ 1.45	$ 1.14	$ 1.02	$ 0.34	$ 1.01
Cash dividends declared per common share	$ 0.40	$ 0.36	$ 0.32	$ 0.28	$ 0.24
Balance Sheet Data:					
Total assets (5)	$ 3,592,683	$ 2,464,774	$ 2,561,894	$ 2,622,810	$ 3,032,569
Total operating lease liabilities (5)	$ 1,450,917	$ —	$ —	$ —	$ —
Total debt, net	$ 1,048,704	$ 1,094,775	$ 1,118,104	$ 1,089,485	$ 1,316,864
Total stockholders' equity (6)	$ 177,481	$ 54,817	$ 81,231	$ 226,063	$ 454,970
Common stock outstanding (6)	86,946	91,272	91,913	103,922	119,215
Cash Flow Data:					
Investing activities:					
Capital expenditures	$ (161,926)	$ (208,224)	$ (260,589)	$ (260,578)	$ (210,263)
Proceeds from sale-leaseback transactions, net	$ 7,085	$ 16,160	$ 98,840	$ 530,684	$ —
Financing activities:					
Repurchase of common stock (6)	$ (106,992)	$ (113,967)	$ (272,916)	$ (310,334)	$ (170,769)

Note: This selected consolidated financial data should be read in conjunction with the consolidated financial statements and notes thereto, included in Item 8 and Management's Discussion and Analysis of Financial Condition and Results of Operations, included in Item 7 of this Report.

(1) There were 53 operating weeks in 2017, versus 52 operating weeks for all other periods presented. This additional week resulted in an increase in Total revenues of $80.4 million during 2017. Due to the change in our fiscal year end in 2014, Total revenues for 2015 includes $24.3 million of higher Restaurant sales.

(2) 2019 includes: (i) $10.6 million of asset impairments and closing costs primarily related to the restructuring of certain international markets, including Puerto Rico and China, certain approved closure and restructuring initiatives and the relocation of certain restaurants, (ii) $5.5 million of severance expense from the restructuring of certain functions, (iii) $3.8 million of gains related to the sale of certain surplus properties and (iv) $6.0 million of gains from the recognition of certain value-added tax credits in Brazil. 2018 includes: (i) $29.5 million of asset impairments and closing costs primarily related to the restructuring of certain international markets, including Puerto Rico and China, certain approved closure and restructuring initiatives, reclassification of assets to held for sale in connection with refranchising certain restaurants and the restructuring of our Express concept, (ii) $8.6 million of asset impairments and restaurant closing costs related to the relocation of certain restaurants and (iii) $3.5 million of severance expense from the restructuring of certain functions. 2017 includes: (i) $42.8 million of asset impairments and closing costs primarily related to certain closure and restructuring initiatives, the remeasurement of certain surplus properties and for our China subsidiary, (ii) $12.5 million of asset impairments and restaurant closing costs related to the relocation of certain restaurants and (iii) $11.0 million of severance expense incurred as a result of a restructuring event. 2016 includes: (i) $51.4 million of asset impairments and closing costs related to certain closure and restructuring initiatives, (ii) $43.1 million of asset impairments related to the refranchising of Outback Steakhouse South Korea and for our Puerto Rico subsidiary, (iii) $7.2 million of asset impairments and restaurant closing costs related to the relocation of certain restaurants and (iv) $5.5 million of severance expense as a result of a restructuring event and the relocation of our Fleming's operations center to the corporate home office. 2015 includes $4.9 million of higher income from operations due to a change in our fiscal year end and $31.8 million of asset impairments and restaurant closing costs related to certain closure and restructuring initiatives.

(3) Includes $27.0 million of loss on defeasance, extinguishment and modification of debt in 2016.

(4) Fiscal year 2017 includes $0.11 of additional diluted earnings per share from a 53rd operating week.

(5) On December 31, 2019, we recorded $1.3 billion of right-of-use assets and $1.5 billion of lease liabilities upon adoption of the new lease standard discussed in Note 2 - *Summary of Significant Accounting Policies* of the Notes to Consolidated Financial Statements.

(6) In 2019, 2018, 2017, 2016 and 2015, we repurchased 5.5 million, 5.1 million, 13.8 million, 16.6 million and 7.6 million shares, respectively, of our outstanding common stock. During 2018, we issued 4.0 million shares of our common stock through the exercise of stock options.

Item 7. 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 consolidated financial statements and the related notes. For discussion of our consolidated and segment-level results of operations, non-GAAP measures, and liquidity and capital resources for fiscal year 2017, see our Annual Report on Form 10-K for the year ended December 30, 2018, filed with the SEC on February 27, 2019.

Overview

We are one of the largest casual dining restaurant companies in the world with a portfolio of leading, differentiated restaurant concepts. As of December 29, 2019, we owned and operated 1,173 restaurants and franchised 300 restaurants across 48 states, Puerto Rico, Guam and 21 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 2019 financial results include:

- An increase in Total revenues of 0.3% to $4.1 billion in 2019 as compared to 2018, driven primarily by higher comparable restaurant sales and the net impact of restaurant openings and closures. These increases were partially offset by the effect of foreign currency translation and domestic refranchising.

- Income from operations increased to $191.1 million in 2019 as compared to $145.3 million in 2018, primarily due to higher comparable restaurant sales, the impact of certain cost savings initiatives and lower impairment charges and restaurant closing costs. These increases were partially offset by labor, commodity and operating expense inflation, delivery rollout costs and the impact of deferred gain amortization no longer recognized upon adoption of the new lease standard.

Following is a summary of factors that impacted our operating results and liquidity in 2019 and significant actions we have taken during the year:

Refranchising - During 2019, we completed the sale of 18 of our U.S. Company-owned Carrabba's Italian Grill restaurants to an existing franchisee for cash proceeds of $3.6 million, net of certain purchase price adjustments. See Note 4 - *Disposals* of the Notes to Consolidated Financial Statements for additional details.

Surplus Property Disposals - During 2019, we completed the sale of five of our U.S. surplus properties to a franchisee for cash proceeds of $12.7 million, net of certain purchase price adjustments. The transaction resulted in a net gain of $3.6 million, recorded within Other restaurant operating expense in our Consolidated Statements of Operations and Comprehensive Income.

Share Repurchase Programs and Dividends - We repurchased 5.5 million shares of common stock during 2019 for a total of $107.0 million and paid $35.7 million of dividends.

Business Strategies

In 2020, our key business strategies include:

- *Enhance the 360-Degree Customer Experience to Drive Sustainable Healthy Sales Growth.* We plan to continue to make investments to enhance our core guest experience, increase off-premises dining occasions, remodel and relocate restaurants, invest in digital marketing and data personalization and utilize the Dine Rewards loyalty program and multimedia marketing campaigns to drive sales.

- *Drive Long-Term Shareholder Value.* We plan to drive long-term shareholder value by reinvesting operational cash flow into our business, improving our credit profile and returning excess cash to shareholders through dividends and share repurchases.

- *Enrich Engagement Among Stakeholders.* We take the responsibility to our people, customers and communities seriously and continue to invest in programs that support the well-being of those engaged with us.

- *Maximize International Opportunity.* We continue to focus on existing geographic regions in South America, with strategic expansion in Brazil, and pursue global franchise opportunities.

We intend to fund our business strategies, drive revenue growth and margin improvement, in part by reinvesting savings generated by anticipated cost savings discussed below and productivity initiatives across our businesses.

Strategic Alternatives Review Update

In November 2019, we announced that we are exploring and evaluating strategic alternatives that have the potential to maximize value for our shareholders, including but not limited to, a possible sale of the Company. Since then, management has been actively working with the Board of Directors and its financial and legal advisors to review all aspects of the business and available opportunities.

Concurrently, we have built a plan that supports a growth-focused, operations centric organization. The pillars of this plan are as follows:

- Aligned leadership, resources and structure to prioritize growth, efficiency and scale.

- Simplified our corporate support functions to enable a more agile and operations-focused organization.

- Rebalanced capital allocation policy, including doubling our dividend, while maintaining flexibility to pay down debt, repurchase shares and reinvest back in our business.

We are confident that these actions, coupled with our ongoing focus on driving sustainable healthy sales growth in our restaurants, will increase total shareholder return in 2020 and beyond.

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 consumer 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.

  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 expense (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 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 Statements of Operations and Comprehensive Income. 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 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, Adjusted diluted earnings per share*—non-GAAP financial measures utilized to evaluate our operating performance, which definitions, usefulness and reconciliations are described in more detail in the "Non-GAAP Financial Measures" section below; and

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

Selected Operating Data

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

	DECEMBER 29, 2019	DECEMBER 30, 2018
Number of restaurants (at end of the period):		
U.S.		
Outback Steakhouse		
Company-owned	579	579
Franchised	145	154
Total	724	733
Carrabba's Italian Grill		
Company-owned (1)	204	224
Franchised (1)	21	3
Total	225	227
Bonefish Grill		
Company-owned	190	190
Franchised	7	7
Total	197	197
Fleming's Prime Steakhouse & Wine Bar		
Company-owned	68	70
Other		
Company-owned	4	5
U.S. Total	1,218	1,232
International		
Company-owned		
Outback Steakhouse - Brazil (2)	99	92
Other	29	33
Franchised		
Outback Steakhouse - South Korea	72	76
Other	55	55
International Total	255	256
System-wide total	1,473	1,488

____
(1) In 2019, we sold 18 Carrabba's Italian Grill restaurants, which are now operated as franchises.
(2) The restaurant counts for Brazil are reported as of November 30, 2019 and 2018, respectively, to correspond with the balance sheet dates of this subsidiary.

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:

	FISCAL YEAR	
	2019	2018
Revenues		
Restaurant sales	98.4 %	98.4 %
Franchise and other revenues	1.6	1.6
Total revenues	100.0	100.0
Costs and expenses		
Cost of sales (1)	31.4	31.9
Labor and other related (1)	29.6	29.5
Other restaurant operating (1)	24.1	23.8
Depreciation and amortization	4.8	4.9
General and administrative	6.6	6.9
Provision for impaired assets and restaurant closings	0.2	0.9
Total costs and expenses	95.4	96.5
Income from operations	4.6	3.5
Other expense, net	(*)	(*)
Interest expense, net	(1.2)	(1.1)
Income before Provision (benefit) for income taxes	3.4	2.4
Provision (benefit) for income taxes	0.2	(0.3)
Net income	3.2	2.7
Less: net income attributable to noncontrolling interests	*	0.1
Net income attributable to Bloomin' Brands	3.2 %	2.6 %

(1) As a percentage of Restaurant sales.
* Less than 1/10th of one percent of Total revenues.

Revenues

RESTAURANT SALES

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

(dollars in millions)	FISCAL YEAR 2019
For fiscal year 2018	$ 4,060.9
Change from:	
Comparable restaurant sales (1)	62.5
Restaurant openings (1)	50.1
Effect of foreign currency translation	(35.9)
Divestiture of restaurants through refranchising transactions	(32.0)
Restaurant closings	(30.6)
For fiscal year 2019	$ 4,075.0

(1) Summation of quarterly changes for restaurant openings and comparable restaurant sales will not total to annual amounts as the restaurants that meet the definition of a comparable restaurant will differ each period based on when the restaurant opened.

The increase in Restaurant sales in 2019 as compared to 2018 was primarily due to higher comparable restaurant sales and sales from 40 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) domestic refranchising and (iii) the closing of 40 restaurants since December 31, 2017.

Average Restaurant Unit Volumes and Operating Weeks

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

(dollars in thousands)	FISCAL YEAR 2019	FISCAL YEAR 2018
Average restaurant unit volumes:		
U.S.		
Outback Steakhouse	$ 3,663	$ 3,580
Carrabba's Italian Grill	$ 2,934	$ 2,887
Bonefish Grill	$ 3,026	$ 3,012
Fleming's Prime Steakhouse & Wine Bar	$ 4,422	$ 4,358
International		
Outback Steakhouse - Brazil (1)	$ 3,684	$ 3,856
Operating weeks:		
U.S.		
Outback Steakhouse	30,119	30,265
Carrabba's Italian Grill	10,864	11,660
Bonefish Grill	9,865	9,981
Fleming's Prime Steakhouse & Wine Bar	3,613	3,628
International		
Outback Steakhouse - Brazil	5,037	4,711

(1) Translated at average exchange rates of 3.93 and 3.59 for 2019 and 2018, respectively.

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:

	FISCAL YEAR	
	2019	2018 (1)
Year over year percentage change:		
Comparable restaurant sales (stores open 18 months or more):		
U.S. (2)		
Outback Steakhouse	2.0 %	4.0 %
Carrabba's Italian Grill	0.1 %	0.2 %
Bonefish Grill	0.1 %	0.5 %
Fleming's Prime Steakhouse & Wine Bar	0.7 %	0.8 %
Combined U.S.	1.2 %	2.5 %
International		
Outback Steakhouse - Brazil (3)	5.8 %	(1.5)%
Traffic:		
U.S.		
Outback Steakhouse	(0.7)%	0.9 %
Carrabba's Italian Grill	0.2 %	(4.1)%
Bonefish Grill	(1.7)%	(2.6)%
Fleming's Prime Steakhouse & Wine Bar	0.1 %	(4.3)%
Combined U.S.	(0.6)%	(0.8)%
International		
Outback Steakhouse - Brazil	3.9 %	(4.4)%
Average check per person (4):		
U.S.		
Outback Steakhouse	2.7 %	3.1 %
Carrabba's Italian Grill	(0.1)%	4.3 %
Bonefish Grill	1.8 %	3.1 %
Fleming's Prime Steakhouse & Wine Bar	0.6 %	5.1 %
Combined U.S.	1.8 %	3.3 %
International		
Outback Steakhouse - Brazil	1.8 %	2.8 %

____
(1) For 2018, U.S. comparable restaurant sales and traffic compare the 52 weeks from January 1, 2018 through December 30, 2018 to the 52 weeks from January 2, 2017 through December 31, 2017.
(2) Relocated restaurants closed more than 60 days are excluded from comparable restaurant sales until at least 18 months after reopening.
(3) Excludes the effect of fluctuations in foreign currency rates. Includes trading day impact from calendar period reporting.
(4) Average check per person increases (decreases) include the impact of menu pricing changes, product mix and discounts.

Franchise and other revenues

	FISCAL YEAR	
(dollars in millions)	2019	2018
Franchise revenues (1)	$ 52.2	$ 52.9
Other revenues	12.2	12.6
Franchise and other revenues	$ 64.4	$ 65.5

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

COSTS AND EXPENSES

Cost of sales

	FISCAL YEAR		
(dollars in millions)	2019	2018	Change
Cost of sales	$ 1,277.8	$ 1,295.6	
% of Restaurant sales	31.4%	31.9%	(0.5)%

Cost of sales, consisting of food and beverage costs, decreased as a percentage of Restaurant sales in 2019 as compared to 2018 primarily due to 0.6% 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 0.6% from commodity cost inflation.

In 2020, we expect commodity costs to increase approximately 2%.

Labor and other related expenses

	FISCAL YEAR		
(dollars in millions)	2019	2018	Change
Labor and other related	$ 1,207.3	$ 1,197.3	
% of Restaurant sales	29.6%	29.5%	0.1%

Labor and other related expenses include all direct and indirect labor costs incurred in operations, including distribution expense to Restaurant Managing Partners, costs related to field deferred compensation plans and other field incentive compensation expenses. Labor and other related expenses increased as a percentage of Restaurant sales in 2019 as compared to 2018 primarily due to 0.6% from wage rate increases, offset by decreases as a percentage of Restaurant sales of 0.4% from increases in average check per person and 0.2% from the impact of certain cost savings initiatives.

In 2020, we anticipate approximately 3.5% labor cost inflation.

Other restaurant operating expenses

	FISCAL YEAR		
(dollars in millions)	2019	2018	Change
Other restaurant operating	$ 982.1	$ 967.1	
% of Restaurant sales	24.1%	23.8%	0.3%

Other restaurant operating expenses include certain unit-level operating costs such as operating supplies, rent, repairs and maintenance, advertising expenses, utilities, pre-opening costs and other occupancy costs. A substantial portion of these expenses is fixed or indirectly variable. Other restaurant operating expenses increased as a percentage of

Restaurant sales in 2019 as compared to 2018 primarily due to: (i) 0.5% 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. These increases were partially offset by decreases as a percentage of Restaurant sales of 0.5% from the impact of certain cost savings initiatives and 0.3% from increases in average check per person.

Depreciation and amortization

	FISCAL YEAR		
(dollars in millions)	**2019**	**2018**	**Change**
Depreciation and amortization	$ 196.8	$ 201.6	$ (4.8)

Depreciation and amortization decreased in 2019 as compared to 2018 primarily due to: (i) disposal of assets related to the sale-leaseback of certain properties, (ii) store closures and domestic refranchising and (iii) the effect of foreign currency translation. These decreases were partially offset by additional depreciation expense related to restaurant openings, relocations and remodels.

General and administrative expenses

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 changes in General and administrative expense for the period indicated:

(dollars in millions)	**FISCAL YEAR 2019**
For fiscal year 2018	$ 282.7
Change from:	
Incentive compensation	(4.2)
Foreign currency exchange	(2.5)
Legal and professional fees	(2.9)
Severance	1.8
Other	0.3
For fiscal year 2019	$ 275.2

Provision for impaired assets and restaurant closings

	FISCAL YEAR		
(dollars in millions)	**2019**	**2018**	**Change**
Provision for impaired assets and restaurant closings	$ 9.1	$ 36.9	$ (27.8)

International Restructuring - We recognized asset impairment and closure charges of $2.0 million and $13.9 million during 2019 and 2018, respectively, related to restructuring of certain international markets, including Puerto Rico and China, within the international segment.

Express Concept Restructuring - In 2018, we recognized asset impairment charges of $7.4 million related to the restructuring of our Express concept, within the U.S. segment. As a part of the restructuring, three Express locations closed during 2019.

Refranchising - During 2019, we completed the sale of 18 of our U.S. Company-owned Carrabba's Italian Grill restaurants to an existing franchisee. In connection with the sale of these restaurants, we recognized asset impairment charges of $5.5 million in 2018, within the U.S. segment.

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

We continue to pursue refranchising opportunities in select markets as we look to further optimize our restaurant portfolio. As a result of these transactions, we may record future net gains or losses, impairment charges and transaction related expenses.

Income from operations

	FISCAL YEAR		
(dollars in millions)	**2019**	**2018**	**Change**
Income from operations	$ 191.1	$ 145.3	
% of Total revenues	4.6%	3.5%	1.1%

The increase in Income from operations during 2019 as compared to 2018 was primarily due to: (i) higher comparable restaurant sales, (ii) the impact of certain cost saving initiatives and (iii) lower impairment charges and restaurant closing costs. These increases were partially offset by: (i) labor, commodity and operating expense inflation, (ii) additional expense related to the rollout of delivery services and (iii) the impact of deferred gain amortization no longer recognized upon adoption of the new lease standard.

Interest expense, net

	FISCAL YEAR		
(dollars in millions)	**2019**	**2018**	**Change**
Interest expense, net	$ 49.3	$ 44.9	$ 4.4

The increase in Interest expense, net during 2019 as compared to 2018 was primarily due to a higher fixed rate on the notional amount of our derivative instruments and higher average interest rates and borrowings outstanding, partially offset from the derecognition of certain lease-related debt obligations due to adoption of the new lease accounting standard.

Provision (benefit) for income taxes

	FISCAL YEAR		
	2019	**2018**	**Change**
Effective income tax rate	5.3%	(9.2)%	14.5%

The net increase in the effective income tax rate in 2019 as compared to 2018 was primarily due to employment-related credits being a lower percentage of net income in 2019, excess tax benefits from equity-based compensation arrangements recorded in 2018 and an increase in the foreign tax rate differential in 2019. These increases were partially offset by a decrease in valuation allowances recorded against deferred income tax assets in 2019.

The effective income tax rate for 2019 was lower than the blended federal and state statutory rate of approximately 26%, primarily due to the benefit of tax credits for FICA taxes on certain employees' tips. The effective income tax rate for 2018 was lower than the blended federal and state statutory rate of approximately 26%, primarily due to the benefit of tax credits for FICA taxes on certain employees' tips and excess tax benefits from equity-based compensation arrangements.

Segments

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 Chief Executive Officer, whom we have determined to be our Chief Operating Decision Maker. 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.

Revenues for both segments include only transactions with customers and excludes 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.

Refer to Note 21 - *Segment Reporting* of the Notes to Consolidated Financial Statements for a reconciliation of segment income from operations to the consolidated operating results.

U.S. Segment

	FISCAL YEAR	
(dollars in thousands)	**2019**	**2018**
Revenues		
Restaurant sales	$ 3,634,668	$ 3,634,198
Franchise and other revenues	53,250	53,041
Total revenues	$ 3,687,918	$ 3,687,239
Restaurant-level operating margin	14.2%	14.2%
Income from operations	$ 311,666	$ 288,959
Operating income margin	8.5%	7.8%

Restaurant sales

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

(dollars in millions)	**FISCAL YEAR 2019**
For fiscal year 2018	$ 3,634.2
Change from:	
Comparable restaurant sales (1)	42.8
Restaurant openings (1)	13.7
Divestiture of restaurants through refranchising transactions	(32.0)
Restaurant closures	(24.1)
For fiscal year 2019	$ 3,634.6

____
(1) Summation of quarterly changes for restaurant openings and comparable restaurant sales will not total to annual amounts as the restaurants that meet the definition of a comparable restaurant will differ each period based on when the restaurant opened.

U.S. Restaurant sales in 2019 were flat as compared to 2018 primarily due to higher comparable restaurant sales and sales from 12 new restaurants not included in our comparable restaurant sales base, offset by domestic refranchising and the closing of 22 restaurants since December 31, 2017.

Income from operations

The increase in U.S. Income from operations generated in 2019 as compared to 2018 was primarily due to: (i) higher comparable restaurant sales, (ii) the impact of certain cost savings initiatives and (iii) lower impairment charges and restaurant closing costs. These increases were partially offset by: (i) labor, commodity and operating expense inflation, (ii) additional expense related to the rollout of delivery services and (iii) the impact of deferred gain amortization no longer recognized upon adoption of the new lease standard.

International Segment

	FISCAL YEAR	
(dollars in thousands)	**2019**	**2018**
Revenues		
Restaurant sales	$ 440,346	$ 426,673
Franchise and other revenues	11,125	12,501
Total revenues	$ 451,471	$ 439,174
Restaurant-level operating margin	20.3%	18.8%
Income from operations	$ 44,428	$ 22,001
Operating income margin	9.8%	5.0%

Restaurant sales

Following is a summary of the change in international segment Restaurant sales for the period indicated:

(dollars in millions)	**FISCAL YEAR 2019**
For fiscal year 2018	$ 426.7
Change from:	
Restaurant openings	36.3
Comparable restaurant sales	19.7
Effect of foreign currency translation	(35.9)
Restaurant closures	(6.5)
For fiscal year 2019	$ 440.3

The increase in international Restaurant sales in 2019 as compared to 2018 was primarily due to sales from 28 new restaurants not included in our comparable restaurant sales base and higher comparable restaurant sales. The increase in international Restaurant sales was partially offset by 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.

Income from operations

The increase in international Income from operations in 2019 as compared to 2018 was primarily due to: (i) lower impairment and restaurant closing costs, (ii) the impact of certain cost savings initiatives, (iii) higher comparable restaurant sales, (iv) improved operating performance by our Abbraccio concept and (v) lower General and administrative expense, primarily from lower severance costs. These increases were partially offset by labor, operating and commodity expense inflation.

Non-GAAP Financial Measures

In addition to the results provided in accordance with U.S. GAAP, we provide certain non-GAAP measures, which present operating results on an adjusted basis. These are supplemental measures of performance that are not required by or presented in accordance with U.S. GAAP and include the following: (i) system-wide sales, (ii) Adjusted restaurant-level operating margins, (iii) Adjusted income from operations and the corresponding margins, (iv) Adjusted net income and (v) Adjusted diluted earnings per share.

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 establish employee incentive plans.

These non-GAAP financial measures are not intended to replace U.S. GAAP financial measures, and they are not necessarily standardized or comparable to similarly titled measures used by other companies. We maintain internal guidelines with respect to the types of adjustments we include in our non-GAAP measures. These guidelines endeavor to differentiate between types of gains and expenses that are reflective of our core operations in a period, and those that may vary from period to period without correlation to our core performance in that period. However, implementation of these guidelines necessarily involves the application of judgment, and the treatment of any items not directly addressed by, or changes to, our guidelines will be considered by our disclosure committee. Refer to the reconciliations of non-GAAP measures for descriptions of the actual adjustments made in the current period and the corresponding prior period.

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 3 - *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.

	FISCAL YEAR	
(dollars in millions)	**2019**	**2018**
U.S.		
Outback Steakhouse	$ 500	$ 513
Carrabba's Italian Grill (1)	40	12
Bonefish Grill	13	14
U.S. Total	$ 553	$ 539
International		
Outback Steakhouse-South Korea	$ 215	$ 208
Other	105	112
International Total	$ 320	$ 320
Total franchise sales (2)	$ 873	$ 859

(1) In 2019, we sold 18 Carrabba's Italian Grill restaurants, which are now operated as franchises.
(2) Franchise sales are not included in Total revenues in the Consolidated Statements of Operations and Comprehensive Income.

Adjusted restaurant-level operating margin - Restaurant-level operating margin is calculated as Restaurant sales after deduction of the main restaurant-level operating costs, which includes Cost of sales, Labor and other related and Other restaurant operating expense. Adjusted restaurant-level operating margin is Restaurant-level operating margin adjusted for certain items, as noted below. The following tables show the percentages of certain operating cost financial statement line items in relation to Restaurant sales:

	FISCAL YEAR			
	2019		2018	
	U.S. GAAP	ADJUSTED (1)	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	29.6%	29.6%	29.5%	29.5%
Other restaurant operating	24.1%	24.2%	23.8%	23.9%
Restaurant-level operating margin	14.9%	14.7%	14.8%	14.7%

(1) Includes unfavorable (favorable) adjustments recorded in Other restaurant operating expense (unless otherwise noted below) 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:

	FISCAL YEAR	
(dollars in millions)	2019	2018
Legal and other matters (1)	$ 4.6	$ —
Restaurant and asset impairments and closing costs	4.3	3.4
Restaurant relocations and related costs	(0.6)	0.7
	$ 8.3	$ 4.1

(1) Includes adjustments of $2.7 million and $1.9 million recorded in Cost of sales and Other restaurant operating expense, respectively.

Adjusted income from operations, Adjusted net income and Adjusted diluted earnings per share - The following table reconciles Adjusted income from operations and the corresponding margins, Adjusted net income and Adjusted diluted earnings per share to their respective most comparable U.S. GAAP measures for the periods indicated:

	FISCAL YEAR	
(in thousands, except share and per share data)	**2019**	**2018**
Income from operations	$ 191,090	$ 145,253
Operating income margin	4.6%	3.5%
Adjustments:		
Severance (1)	$ 5,511	$ 3,493
Restaurant and asset impairments and closing costs (2)	3,550	29,542
Restaurant relocations and related costs (3)	3,208	8,647
Legal and other matters (4)	(2,996)	1,068
Total income from operations adjustments	$ 9,273	$ 42,750
Adjusted income from operations	$ 200,363	$ 188,003
Adjusted operating income margin	4.8%	4.6%
Net income attributable to Bloomin' Brands	$ 130,573	$ 107,098
Adjustments:		
Income from operations adjustments	9,273	42,750
Total adjustments, before income taxes	$ 9,273	$ 42,750
Adjustment to provision for income taxes (5)	(1,263)	(8,944)
Net adjustments	$ 8,010	$ 33,806
Adjusted net income	$ 138,583	$ 140,904
Diluted earnings per share	$ 1.45	$ 1.14
Adjusted diluted earnings per share	$ 1.54	$ 1.50
Diluted weighted average common shares outstanding	89,777	94,075

____
(1) Relates to severance expense incurred as a result of restructuring activities.
(2) Represents asset impairment charges and related costs primarily related to: (i) approved closure and restructuring initiatives, (ii) the restructuring of certain international markets, (iii) the restructuring of our Express concept in 2018 and (iv) reclassification of assets to held for sale in connection with refranchising certain restaurants in 2018. Also includes gains on the sale of certain surplus properties of $3.8 million in 2019.
(3) Represents asset impairment charges and accelerated depreciation incurred in connection with our relocation program.
(4) Amount includes the recognition of certain value-added tax credits in Brazil of $4.6 million related to prior years offset by fees and expenses related to certain legal matters in 2019.
(5) Represents income tax effect of the adjustments for the periods presented.

Liquidity and Capital Resources

LIQUIDITY

Our liquidity sources consist of cash flow from operations, cash and cash equivalents and credit capacity under our credit facilities. We expect to use cash primarily for general operating expenses, lease payments, 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 during the 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.

Cash and Cash Equivalents - As of December 29, 2019, we had $67.1 million in cash and cash equivalents, of which $21.1 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 December 29, 2019, we had aggregate accumulated foreign earnings of approximately $84.4 million. This amount primarily consists 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 material U.S. federal income taxes. These amounts are no longer considered indefinitely reinvested in our foreign subsidiaries. See Note 19 - *Income Taxes* of the Notes to Consolidated Financial Statements for further information regarding our indefinite reinvestment assertion.

Closure Initiatives - Total aggregate future undiscounted cash expenditures of $11.3 million to $13.8 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 million to $190 million in 2020. 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 December 29, 2019, we had $1.0 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. See Note 13 - *Long-term Debt, Net* of the Notes to Consolidated Financial Statements for further information. Following is a summary of our outstanding credit facilities as of the dates indicated and principal payments and debt issuance during the periods indicated:

	SENIOR SECURED CREDIT FACILITY		
(dollars in thousands)	**TERM LOAN A**	**REVOLVING FACILITY**	**TOTAL CREDIT FACILITIES**
Balance as of December 31, 2017	$ 500,000	$ 600,000	$ 1,100,000
2018 new debt	—	478,000	478,000
2018 payments	(25,000)	(478,500)	(503,500)
Balance as of December 30, 2018	475,000	599,500	1,074,500
2019 new debt	—	670,800	670,800
2019 payments	(25,000)	(671,300)	(696,300)
Balance as of December 29, 2019 (1)	$ 450,000	$ 599,000	$ 1,049,000
Weighted-average interest rate, as of December 29, 2019	3.40%	3.44%	
Principal maturity date	November 2022	November 2022	

(1) Subsequent to December 29, 2019, we made payments of $65.0 million, net of borrowings, on our revolving credit facility.

Credit Agreement - On November 30, 2017, we and OSI, as co-borrowers, entered into a credit agreement (the "Credit Agreement") with a syndicate of institutional lenders, providing for senior secured financing of up to $1.5 billion, consisting of a $500.0 million Term loan A and a $1.0 billion revolving credit facility (the "Senior Secured Credit Facility"), including letter of credit and swing line loan sub-facilities. As of December 29, 2019, we had $380.8 million in available unused borrowing capacity under our revolving credit facility, net of letters of credit of $20.2 million.

Our Credit Agreement contains 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 required minimum amortization premiums of $25.0 million, we do not anticipate any other payments will be required through December 27, 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* of the Notes to Consolidated Financial Statements for further information.

As of December 29, 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.

Cash Flow Hedges of Interest Rate Risk - We have variable-to-fixed interest rate swap agreements with 12 counterparties to hedge a portion of the cash flows of our variable rate debt. The swap agreements have an aggregate notional amount of $550.0 million and mature on November 30, 2022. We pay a weighted-average fixed rate of 3.04% on the notional amount and receive payments from the counterparties based on the one-month LIBOR rate. See Note 16 - *Derivative Instruments and Hedging Activities* of the Notes to Consolidated Financial Statements for further information.

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:

	FISCAL YEAR	
(dollars in thousands)	**2019**	**2018**
Net cash provided by operating activities	$ 317,603	$ 288,074
Net cash used in investing activities	(131,291)	(177,296)
Net cash used in financing activities	(189,359)	(164,352)
Effect of exchange rate changes on cash and cash equivalents	(1,631)	(4,146)
Net decrease in cash, cash equivalents and restricted cash	$ (4,678)	$ (57,720)

Operating activities - Net cash provided by operating activities increased during 2019 as compared to 2018 primarily due to: (i) the timing of collections of receivables, (ii) the timing of payments and (iii) lower purchases of inventory. Net cash provided by operating activities was partially offset by higher income tax and interest payments.

Investing activities - Net cash used in investing activities during 2019 primarily consisted of capital expenditures, partially offset by proceeds from the disposal of property, fixtures and equipment and proceeds from sale-leaseback transactions.

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

Financing activities - Net cash used in financing activities during 2019 primarily consisted of the following: (i) the repurchase of common stock, (ii) payment of cash dividends on our common stock, (iii) the net repayment of long-term debt and (iv) partner equity plan payments.

Net cash used in financing activities during 2018 primarily consisted of the following: (i) the repurchase of common stock, (ii) payment of cash dividends on our common stock, (iii) the net repayment of long-term debt and (iv) partner equity plan payments. Net cash used in financing activities was partially offset by net proceeds from share-based compensation.

FINANCIAL CONDITION

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

(dollars in thousands)	DECEMBER 29, 2019	DECEMBER 30, 2018
Current assets	$ 340,468	$ 335,483
Current liabilities	962,021	791,039
Working capital (deficit) (1)	$ (621,553)	$ (455,556)

(1) During fiscal year 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 the new lease accounting standard.

Working capital (deficit) includes: (i) Unearned revenue primarily from unredeemed gift cards of $369.3 million and $342.7 million as of December 29, 2019 and December 30, 2018, respectively and (ii) current operating lease liabilities of $171.9 million as of December 29, 2019, with the corresponding operating right-of-use assets recorded as non-current on our Consolidated Balance Sheet. We have, and in the future may continue to have, negative working capital balances (as is common for many restaurant companies). We operate successfully with negative working capital because cash collected on restaurant sales is typically received before payment is due on our current liabilities, and our inventory turnover rates require relatively low investment in inventories. Additionally, ongoing cash flows from restaurant operations and gift card sales are used to service debt obligations and make capital expenditures.

Deferred Compensation Programs - Certain Restaurant Managing Partners and Chef Partners in the U.S. (“U.S. Partners”) participate in deferred compensation programs that are subject to the rules of Section 409A of the Internal Revenue Code. The deferred compensation obligation due under these plans was $49.0 million and $69.6 million as of December 29, 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 these deferred compensation plans. The rabbi trust is funded through our voluntary contributions. The unfunded obligation was $9.1 million and $26.3 million as of December 29, 2019 and December 30, 2018, respectively.

We use working capital to fund the deferred compensation plans and currently expect annual cash funding of $9.0 million to $11.0 million in 2020. 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 2019 and 2018, we declared and paid quarterly cash dividends of $0.10 and $0.09 per share, respectively.

In February 2020, our Board declared a quarterly cash dividend of $0.20 per share, payable on March 13, 2020. Future dividend payments are dependent on our earnings, financial condition, capital expenditure requirements, surplus and other factors that our Board considers relevant.

Share Repurchases - Following is a summary of our share repurchase programs as of December 29, 2019 (dollars in thousands):

SHARE REPURCHASE PROGRAM	BOARD APPROVAL DATE	AUTHORIZED	REPURCHASED	CANCELED	REMAINING
2014	December 12, 2014	$ 100,000	$ 100,000	$ —	$ —
2015	August 3, 2015	$ 100,000	69,999	$ 30,001	$ —
2016	February 12, 2016	$ 250,000	139,892	$ 110,108	$ —
July 2016	July 26, 2016	$ 300,000	247,731	$ 52,269	$ —
2017	April 21, 2017	$ 250,000	195,000	$ 55,000	$ —
2018	February 16, 2018	$ 150,000	113,967	$ 36,033	$ —
2019	February 12, 2019	$ 150,000	106,992	$ —	$ 43,008
Total share repurchase programs			$ 973,581		

The following table presents our dividends and share repurchases for the periods indicated:

(dollars in thousands)	DIVIDENDS PAID	SHARE REPURCHASES (1)	TOTAL
Fiscal year 2019	$ 35,734	$ 106,992	$ 142,726
Fiscal year 2018	33,312	113,967	147,279
Fiscal year 2017	30,988	272,736	303,724
Fiscal year 2016	31,379	309,887	341,266
Fiscal year 2015	29,332	169,999	199,331
Total	$ 160,745	$ 973,581	$ 1,134,326

____
(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.

Our ability to pay dividends and make share repurchases is dependent on our ability to obtain funds from our subsidiaries, have access to our revolving credit facility and the existence of surplus. Based on our Credit Agreement, restricted dividend payments can be made on an unlimited basis provided we are compliant with our debt covenants.

OFF-BALANCE SHEET ARRANGEMENTS

None.

OTHER MATERIAL COMMITMENTS

Our operating lease obligations, debt obligations, contractual obligations and commitments as of December 29, 2019 are summarized in the following table:

	PAYMENTS DUE BY PERIOD				
(dollars in thousands)	TOTAL	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS
Recorded Contractual Obligations					
Operating leases (1)	$ 2,643,642	$ 179,168	$ 381,854	$ 364,911	$ 1,717,709
Long-term debt (2)	1,048,891	26,462	1,022,429	—	—
Deferred compensation and other partner obligations (3)	70,270	22,440	30,201	9,466	8,163
Other recorded contractual obligations (4)	23,640	4,559	4,267	1,963	12,851
Unrecorded Contractual Obligations					
Interest (5)	128,150	44,764	83,386	—	—
Purchase obligations (6)	312,033	217,668	55,858	35,540	2,967
Total contractual obligations	$ 4,226,626	$ 495,061	$ 1,577,995	$ 411,880	$ 1,741,690

(1) Amounts represent undiscounted future minimum rental commitments under non-cancelable operating leases. Includes $1.0 billion related to lease renewal options that are reasonably certain of exercise.
(2) Includes finance lease obligations. Amount is net of unamortized debt issuance costs and discount of $2.7 million.
(3) Includes deferred compensation obligations, deposits and other accrued obligations due to our restaurant partners. Timing and amounts of payments may vary significantly based on employee turnover, return of deposits and changes to buyout values.
(4) Includes other long-term liabilities, primarily consisting of non-partner deferred compensation obligations. Unrecognized tax benefits are excluded from this table since it is not possible to estimate when these future payments will occur.
(5) Projected future interest payments on long-term debt are based on interest rates in effect as of December 29, 2019 and assume only scheduled principal payments. Estimated interest expense includes the impact of our variable-to-fixed interest rate swap agreements.
(6) Purchase obligations include agreements to purchase goods or services that are enforceable, legally binding and specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. We have purchase obligations with various vendors that consist primarily of inventory, advertising, restaurant-level service contracts and technology.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these accompanying consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities during the reporting period. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We consider an accounting estimate to be critical if it requires assumptions to be made and changes in these assumptions could have a material impact on our consolidated financial condition or results of operations.

Impairment or Disposal of Long-Lived Assets - Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The evaluation is performed at the lowest level of identifiable cash flows independent of other assets. For long-lived assets deployed at our restaurants, we review for impairment at the individual restaurant level.

When evaluating for impairment, the total future undiscounted cash flows expected to be generated by the assets are compared to the carrying amount. If the total future undiscounted cash flows expected to be generated by the assets are less than the carrying amount, this may be an indicator of impairment. An impairment loss is recognized in earnings when the asset's carrying value exceeds its estimated fair value. Fair value is generally estimated using a discounted cash flow model. The key estimates and assumptions used in this model are future cash flow estimates, with material changes generally driven by changes in expected use, and the discount rate.

Goodwill and Indefinite-Lived Intangible Assets - Goodwill and indefinite-lived intangible assets are tested for impairment annually in the second fiscal quarter, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

We may elect to perform a qualitative assessment to determine whether it is more likely than not that a reporting unit is impaired. In considering the qualitative approach, we evaluate factors including, but not limited to, macro-economic conditions, market and industry conditions, commodity cost fluctuations, competitive environment, share price performance, results of prior impairment tests, operational stability and the overall financial performance of the reporting units.

If the qualitative assessment is not performed or if we determine that it is not more likely than not that the fair value of the reporting unit exceeds the carrying value, the fair value of the reporting unit is calculated. Fair value of a reporting unit is the price a willing buyer would pay for the reporting unit and is estimated by utilizing a weighted average of the income approach, using a discounted cash flow model, and the market approach including the guideline public company method and guideline transaction method. The key estimates and assumptions used in these models are future cash flow estimates, which are heavily influenced by revenue growth rates, operating margins and capital expenditures. The fair value of the trade name is determined through a relief from royalty method.

The carrying value of the reporting unit is compared to its estimated fair value, with any excess of carrying value over fair value deemed to be an indicator of impairment.

The carrying value of goodwill as of December 29, 2019 was $288.4 million, which related to our U.S. and international reporting units. We performed our annual impairment test in the second quarter of 2019 by utilizing the qualitative approach and determined that there were no events or circumstances to indicate that it was more likely than not that the fair value of our reporting units was less than their carrying values.

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

Leases - On December 31, 2018, we adopted Accounting Standards Update ("ASU") No. 2016-02: Leases (Topic 842) ("ASU No. 2016-02") and its applicable amendments (the "new lease standard"), as described in detail within Note 2 - *Summary of Significant Accounting Policies* of the Notes to Consolidated Financial Statements. Upon adoption, we recognized right-of-use assets of $1.3 billion and corresponding lease liabilities of $1.5 billion.

We use judgment to determine the reasonably certain lease term, which in turn, impacts the applicable incremental borrowing rate ("IBR") used to calculate the initial lease liability for each portfolio of leases. We determined the present value of the lease liabilities by using a country specific IBR and applying a single rate to the respective portfolio of leases based on term, regardless of the underlying asset type.

The reasonably certain lease term used in the evaluation of existing leases at transition and new leases after adoption of the new lease standard includes renewal option periods only in instances in which the exercise of the renewal option is reasonably certain because failure to exercise such an option would result in an economic penalty. Such an economic penalty would typically result from having to abandon a building or equipment with remaining economic value upon vacating a property.

We use our estimated IBR, which is derived from information available at the lease commencement date, in determining the present value of lease payments. We give consideration to market data as well as publicly available data for instruments with similar characteristics when calculating our IBR.

At the inception of each lease, we evaluate the property and the lease to determine whether the lease is an operating lease or a financing lease. This lease accounting evaluation may require significant judgment in determining the fair value and useful life of the leased property and the appropriate reasonably certain lease term. These judgments may produce materially different amounts of rent expense in a given reporting period than would be reported if different assumed lease terms were used.

Insurance Reserves - We carry insurance programs with specific retention levels or high per-claim deductibles for a significant portion of expected losses under our workers' compensation, general or liquor liability, health, property and management liability insurance programs. For some programs, we maintain stop-loss coverage to limit the exposure relating to certain risks.

We record a liability for all unresolved claims and for an estimate of incurred but not reported claims at the anticipated cost that falls below our specified retention levels or per-claim deductible amounts. Our liability for insurance claims was $54.3 million and $55.8 million as of December 29, 2019 and December 30, 2018, respectively. In establishing our reserves, we consider certain actuarial assumptions and judgments regarding economic conditions, the frequency and severity of claims and claim development history and settlement practices. Reserves recorded for workers' compensation and general or liquor liability claims are discounted using the average of the one-year and five-year risk-free rate of monetary assets that have comparable maturities.

If actual results are not consistent with our estimates or assumptions, we may be exposed to losses or gains that could be material. A 50 basis point change in the discount rate in our insurance claim liabilities as of December 29, 2019, would have affected net earnings by $0.8 million in 2019.

Stock-Based Compensation - We have a stock-based compensation plan that permits the grant of stock options, stock appreciation rights, restricted stock units, performance awards and other stock-based awards to our management and other key employees. We account for our stock-based employee compensation using a fair value-based method of accounting.

We use the Black-Scholes option pricing model to estimate the weighted-average grant date fair value of stock options granted. Expected volatility is based on historical volatility of our stock. The expected term of options granted represents the period of time that options granted are expected to be outstanding. Expected term is estimated based on historical exercise experience of our stock options. Dividend yield is the level of dividends expected to be paid on our common stock over the expected term of our options. The risk-free rate for periods within the expected life of the option is based on the U.S. Treasury yield curve in effect as of the grant date. Forfeitures of share-based compensation awards are recognized as they occur.

Estimates and assumptions are based upon information currently available, including historical experience and current business and economic conditions. A simultaneous 10% change in our volatility, forfeiture rate, weighted-average risk-free interest rate, dividend rate and term of grant in our stock option pricing model for 2019 would not have a material effect on net income.

Our performance-based share units ("PSUs") require assumptions regarding the likelihood of achieving certain Company performance criteria set forth in the award agreements. Assumptions used in our assessment are consistent with our internal forecasts and operating plans.

If we assumed that the PSU performance conditions for stock-based awards were not met, stock-based compensation expense would have decreased by $10.5 million for 2019, including reversal of expense recorded in prior years. If we assumed that all granted PSU share awards met or will meet their maximum threshold, expense would have increased by $1.7 million for 2019.

Income Taxes - Deferred tax assets and liabilities are recognized based on the differences between the financial statement carrying amounts of assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the tax rates, based on certain judgments regarding enacted tax laws and published guidance, in effect in the years in which we expect those temporary differences to reverse. As of December 29, 2019, tax loss carryforwards and credit carryforwards that do not have a valuation allowance are expected to be recoverable within the applicable statutory expiration periods. We currently expect to utilize general business tax credit carryforwards within a four to six year period. However, our ability to utilize these tax credits could be adversely impacted by, among other items, a future "ownership change" as defined under Section 382 of the Internal Revenue Code. A valuation allowance is established against the deferred tax assets when it is more likely than not that some portion or all of the deferred taxes may not be realized. Changes in assumptions regarding our level and composition of earnings, tax laws or the deferred tax valuation allowance and the results of tax audits, may materially impact the effective income tax rate.

Our income tax returns, like those of most companies, are periodically audited by U.S. and foreign tax authorities. In determining taxable income, income or loss before taxes is adjusted for differences between local tax laws and generally accepted accounting principles. A tax benefit from an uncertain position is recognized only if it is more likely than not that the position is sustainable based on its technical merits. For uncertain tax positions that do not meet this threshold, we recognize a liability. The liability for unrecognized tax benefits requires significant management judgment regarding exposures about our various tax positions. These assumptions and probabilities are reviewed and updated based upon new information. An unfavorable tax settlement generally requires the use of cash and an increase in the amount of income tax expense we recognize.

Revenue Recognition - We sell gift cards to customers in our restaurants, through our websites and through select third parties. A liability is initially established for the value of the gift card when sold. We recognize revenue from gift cards when the card is redeemed by the customer. There is uncertainty when calculating gift card breakage, the amount of gift cards which will not be redeemed, because management is required to make assumptions and to apply judgment regarding the effects of future events. We recognize gift card breakage revenue using estimates based on historical redemption patterns. If actual redemptions vary from the estimated breakage, gift card breakage revenue may differ from the amount recorded. We periodically update our estimates used for breakage and apply that rate to gift card redemptions. A change in our breakage rate estimates by 50 basis points would have resulted in an adjustment in our breakage revenue of $2.0 million for 2019.

Recently Issued Financial Accounting Standards

For a description of recently issued Financial Accounting Standards that we adopted in 2019 and, that are applicable to us and likely to have material effect on our consolidated financial statements, but have not yet been adopted, see Note 2 - *Summary of Significant Accounting Policies* of the Notes to Consolidated Financial Statements of this Report.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk from changes in interest rates on debt, changes in foreign currency exchange rates and changes in commodity prices.

Interest Rate Risk

We are exposed to market risk from fluctuations in interest rates, which could affect our consolidated balance sheet, earnings and cash flows. Stockholders' equity can be adversely affected by changing interest rates, as after-tax changes in the fair value of interest rate swaps designated as cash flow hedges are reflected as increases and decreases to a component of stockholders' equity.

We manage our exposure to market risk through regular operating and financing activities and when deemed appropriate, through the use of derivative financial instruments. We use derivative financial instruments as risk management tools and not for speculative purposes. See Note 16 - *Derivative Instruments and Hedging Activities* of the Notes to Consolidated Financial Statements for further information.

As of December 29, 2019, our interest rate risk was primarily from variable interest rate changes on our Senior Secured Credit Facility. To manage the risk of fluctuations in variable interest rate debt, we have interest rate swaps for an aggregate notional amount of $550.0 million that mature on November 30, 2022.

We utilize valuation models to estimate the effects of changing interest rates. The following table summarizes the changes to fair value and interest expense under a shock scenario. This analysis assumes that interest rates change suddenly, as an interest rate "shock" and continue to increase or decrease at a consistent level above or below the LIBOR curve.

	DECEMBER 29, 2019	
(dollars in thousands)	INCREASE	DECREASE
Change in fair value (1):		
Interest rate swap	$ 15,210	$ (15,746)
Change in annual interest expense (2):		
Variable rate debt	$ 4,896	$ (4,896)

____
(1) The potential change from a hypothetical 100 basis point increase (decrease) in short-term interest rates.
(2) The potential change from a hypothetical 100 basis point increase (decrease) in short-term interest rates based on the LIBOR curve. The curve ranges from our interest rate of 151 basis points to 168 basis points.

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 2019, 10.9% of our revenue was generated in foreign currencies. 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 foreign entities by $49.0 million and $3.4 million, respectively.

Commodity Pricing Risk

Many of the ingredients used in the products sold in our restaurants are commodities that are subject to unpredictable price volatility. Although we attempt to minimize the effect of price volatility by negotiating fixed price contracts for the supply of key ingredients, there are no established fixed price markets for certain commodities such as produce and wild fish, and we are subject to prevailing market conditions when purchasing those types of commodities. Other commodities are purchased based upon negotiated price ranges established with vendors with reference to the fluctuating market prices. The related agreements may contain contractual features that limit the price paid by establishing certain price floors and caps. Extreme changes in commodity prices or long-term changes could affect our financial results adversely. We expect that in most cases increased commodity prices could be passed through to our customers through increases in menu prices. However, if there is a time lag between the increasing commodity prices and our ability to increase menu prices, or if we believe the commodity price increase to be short in duration and we choose not to pass on the cost increases, our short-term financial results could be negatively affected. Additionally, from time to time, competitive circumstances could limit menu price flexibility, and in those cases, margins would be negatively impacted by increased commodity prices.

Historically, we have utilized derivative instruments to mitigate some of our overall exposure to material increases in natural gas prices. As of December 29, 2019 and December 30, 2018, no derivatives were included in our consolidated financial statements.

In addition to the market risks identified above, we are subject to business risk as our U.S. beef supply is highly dependent upon a limited number of vendors. If these vendors were unable to fulfill their obligations under their contracts, we could encounter supply shortages and incur higher costs to secure adequate supplies. See Note 20 - *Commitments and Contingencies* of the Notes to Consolidated Financial Statements for further details.

This market risk discussion contains forward-looking statements. Actual results may differ materially from the discussion based upon general market conditions and changes in U.S. and global financial markets.

Item 8. Financial Statements and Supplementary Data

INDEX TO FINANCIAL INFORMATION

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements prepared for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we carried out an evaluation of the effectiveness of our internal control over financial reporting as of December 29, 2019 using the criteria described in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) ("COSO"). Based upon our evaluation, management concluded that our internal control over financial reporting was effective as of December 29, 2019.

The effectiveness of our internal control over financial reporting as of December 29, 2019 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Bloomin' Brands, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Bloomin' Brands, Inc. and its subsidiaries (the "Company") as of December 29, 2019 and December 30, 2018, and the related consolidated statements of operations and comprehensive income, of changes in stockholders' equity and of cash flows for each of the three years in the period ended December 29, 2019, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 29, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 29, 2019 and December 30, 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 29, 2019 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 29, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019. This matter is also discussed below as a critical audit matter.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Adoption of the Leases Accounting Standard - Estimation of the Lease Liability Lease Term

As described above as a change in accounting principle and in Notes 2 and 17 to the consolidated financial statements, the Company adopted the new leases accounting standard effective December 31, 2018. Upon adoption, the Company recognized right-of-use (ROU) assets of $1.3 billion and corresponding lease liabilities of $1.5 billion. As disclosed by management, the Company uses judgment to determine the reasonably certain lease term, which in turn, impacts the applicable incremental borrowing rate (IBR) used to calculate the initial lease liability for each portfolio of leases. Management determined the present value of the lease liabilities by using a country specific IBR and applying a single rate to the respective portfolio of leases based on term, regardless of the underlying asset type. The reasonably certain lease term used in the evaluation of existing leases at transition and new leases after adoption of the new lease standard includes renewal option periods only in instances in which the exercise of the renewal option is reasonably certain because failure to exercise such an option would result in an economic penalty. Management gives consideration to market data as well as publicly available data for instruments with similar characteristics when calculating the IBR.

The principal considerations for our determination that performing procedures relating to the adoption of the leases accounting standard - estimation of the lease liability lease term is a critical audit matter are there was significant judgment by management when determining the lease term, which is utilized to determine the applicable IBR used to calculate the lease liability for the respective portfolio of leases, which in turn led to significant auditor judgment and subjectivity in performing procedures to evaluate management's conclusions related to the lease term and applicable IBR. Also, there was significant audit effort in performing procedures due to the large volume of contracts that management evaluated under the new accounting standard and the significance of the ROU asset and lease liability balance recorded at the adoption date.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the adoption of the leases accounting standard and management's review of the reasonably certain lease term in determining the appropriate IBR to apply. These procedures also included, among others, evaluating the reasonableness of assumptions used by management, including the lease term and applicable IBR. Evaluating the reasonableness of management's assumption relating to the terms of the leases involved evaluating a sample of contracts and assessing any extension or termination clauses, evaluating whether the lease terms determined by management were consistent with management's plans or past experience, and whether management's evaluation of the certainty related to extending or terminating the lease is consistent with evidence obtained in other areas of the audit. Evaluating the reasonableness of management's assumption relating to the IBR involved evaluating the consistency with the rates of interest on similar debt arrangements.

Insurance Reserves

As described in Notes 2 and 20 to the consolidated financial statements, the Company's consolidated insurance reserve balance was $54.3 million as of December 29, 2019. The Company carries insurance programs with specific retention levels or high per-claim deductibles for a significant portion of expected losses under its workers' compensation, general or liquor liability, health, property and management liability insurance programs. The Company records a liability for all unresolved claims and for an estimate of incurred but not reported claims at the anticipated cost that falls below its specified retention levels or per-claim deductible amounts. In establishing reserves, management considers certain actuarial assumptions and judgments regarding economic conditions, the frequency and severity of claims, claim development history and settlement practices. Reserves recorded for workers' compensation and general liability claims are discounted using the average of the one-year and five-year risk-free rate of monetary assets that have comparable maturities.

The principal considerations for our determination that performing procedures relating to the valuation of insurance reserves is a critical audit matter are there was significant judgment by management when developing the estimated reserves, which in turn led to significant auditor judgment, subjectivity, and effort in performing procedures relating to certain actuarial assumptions and judgments used to estimate incurred but not reported claims, including claim development history, economic conditions, and discount rate. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of insurance reserves. These procedures also included, among others, evaluating management's process for developing the insurance reserves including actuarial assumptions and judgments regarding economic conditions, the frequency and severity of claims, and settlement practices and testing the claim development history. Evaluating the assumptions related to estimated claims involved evaluating whether the assumptions used were reasonable considering claim history, economic conditions, and consistency with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in testing the appropriateness of management's actuarial methods in determining the insurance reserves and evaluating the reasonableness of assumptions related to economic conditions and discount rate.

/s/ PricewaterhouseCoopers LLP

Tampa, Florida
February 26, 2020

We have served as the Company's auditor since 1998.

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

	DECEMBER 29, 2019	DECEMBER 30, 2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 67,145	$ 71,823
Inventories	86,861	72,812
Other current assets, net	186,462	190,848
Total current assets	340,468	335,483
Property, fixtures and equipment, net	1,036,077	1,115,929
Operating lease right-of-use assets	1,266,548	—
Goodwill	288,439	295,427
Intangible assets, net	470,615	503,972
Deferred income tax assets, net	73,426	92,990
Other assets, net	117,110	120,973
Total assets	$ 3,592,683	$ 2,464,774
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 174,877	$ 174,488
Accrued and other current liabilities	391,451	246,653
Unearned revenue	369,282	342,708
Current portion of long-term debt	26,411	27,190
Total current liabilities	962,021	791,039
Non-current operating lease liabilities	1,279,051	—
Deferred rent	—	167,027
Deferred income tax liabilities	13,777	14,790
Long-term debt, net	1,022,293	1,067,585
Long-term portion of deferred gain on sale-leaseback transactions, net	—	177,983
Other long-term liabilities, net	138,060	191,533
Total liabilities	3,415,202	2,409,957
Commitments and contingencies (Note 20)		
Stockholders' equity		
Bloomin' Brands stockholders' equity		
Preferred stock, $0.01 par value, 25,000,000 shares authorized; no shares issued and outstanding as of December 29, 2019 and December 30, 2018	—	—
Common stock, $0.01 par value, 475,000,000 shares authorized; 86,945,869 and 91,271,825 shares issued and outstanding as of December 29, 2019 and December 30, 2018, respectively	869	913
Additional paid-in capital	1,094,338	1,107,582
Accumulated deficit	(755,089)	(920,010)
Accumulated other comprehensive loss	(169,776)	(142,755)
Total Bloomin' Brands stockholders' equity	170,342	45,730
Noncontrolling interests	7,139	9,087
Total stockholders' equity	177,481	54,817
Total liabilities and stockholders' equity	$ 3,592,683	$ 2,464,774

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

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

	FISCAL YEAR		
	2019	2018	2017
Revenues			
Restaurant sales	$ 4,075,014	$ 4,060,871	$ 4,164,063
Franchise and other revenues	64,375	65,542	59,073
Total revenues	4,139,389	4,126,413	4,223,136
Costs and expenses			
Cost of sales	1,277,824	1,295,588	1,317,110
Labor and other related	1,207,289	1,197,297	1,219,593
Other restaurant operating	982,051	967,099	996,180
Depreciation and amortization	196,811	201,593	192,282
General and administrative	275,239	282,720	306,956
Provision for impaired assets and restaurant closings	9,085	36,863	52,329
Total costs and expenses	3,948,299	3,981,160	4,084,450
Income from operations	191,090	145,253	138,686
Loss on extinguishment and modification of debt	—	—	(1,069)
Other (expense) income, net	(143)	(11)	14,912
Interest expense, net	(49,257)	(44,937)	(41,392)
Income before Provision (benefit) for income taxes	141,690	100,305	111,137
Provision (benefit) for income taxes	7,573	(9,233)	7,529
Net income	134,117	109,538	103,608
Less: net income attributable to noncontrolling interests	3,544	2,440	2,315
Net income attributable to Bloomin' Brands	$ 130,573	$ 107,098	$ 101,293
Net income	$ 134,117	$ 109,538	$ 103,608
Other comprehensive income:			
Foreign currency translation adjustment	(16,625)	(36,132)	8,959
Unrealized (loss) gain on derivatives, net of tax	(11,944)	(7,100)	627
Reclassification of adjustment for loss on derivatives included in Net income, net of tax	1,805	120	2,381
Comprehensive income	107,353	66,426	115,575
Less: comprehensive income attributable to noncontrolling interests	3,801	2,884	2,338
Comprehensive income attributable to Bloomin' Brands	$ 103,552	$ 63,542	$ 113,237
Earnings per share:			
Basic	$ 1.47	$ 1.16	$ 1.05
Diluted	$ 1.45	$ 1.14	$ 1.02
Weighted average common shares outstanding:			
Basic	88,839	92,042	96,365
Diluted	89,777	94,075	99,707
Cash dividends declared per common share	$ 0.40	$ 0.36	$ 0.32

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)

	BLOOMIN' BRANDS						
	COMMON STOCK						
	SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	ACCUM-ULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS	NON-CONTROLLING INTERESTS	TOTAL
Balance, December 25, 2016	103,922	$ 1,039	$ 1,079,583	$ (756,070)	$ (111,143)	$ 12,654	$ 226,063
Cumulative-effect from a change in accounting principle	—	—	—	14,364	—	—	14,364
Net income	—	—	—	101,293	—	3,099	104,392
Other comprehensive income (loss), net of tax	—	—	—	—	11,944	(3)	11,941
Cash dividends declared, $0.32 per common share	—	—	(30,988)	—	—	—	(30,988)
Repurchase and retirement of common stock	(13,807)	(138)	—	(272,598)	—	—	(272,736)
Stock-based compensation	—	—	23,721	—	—	—	23,721
Common stock issued under stock plans (1)	1,798	18	10,421	(180)	—	—	10,259
Purchase of noncontrolling interests, net of tax of $45	—	—	(713)	—	—	(180)	(893)
Change in the redemption value of redeemable interests	—	—	(211)	—	—	—	(211)
Distributions to noncontrolling interests	—	—	—	—	—	(5,973)	(5,973)
Contributions from noncontrolling interests	—	—	—	—	—	873	873
Other	—	—	—	—	—	419	419
Balance, December 31, 2017	91,913	$ 919	$ 1,081,813	$ (913,191)	$ (99,199)	$ 10,889	$ 81,231
Net income	—	—	—	107,098	—	2,770	109,868
Other comprehensive (loss) income, net of tax	—	—	—	—	(43,556)	444	(43,112)
Cash dividends declared, $0.36 per common share	—	—	(33,312)	—	—	—	(33,312)
Repurchase and retirement of common stock	(5,062)	(50)	—	(113,917)	—	—	(113,967)
Stock-based compensation	—	—	23,059	—	—	—	23,059
Common stock issued under stock plans (1)	4,421	44	36,568	—	—	—	36,612
Purchase of noncontrolling interests, net of tax of $75	—	—	(216)	—	—	(110)	(326)
Change in the redemption value of redeemable interests	—	—	(330)	—	—	—	(330)
Distributions to noncontrolling interests	—	—	—	—	—	(6,943)	(6,943)
Contributions from noncontrolling interests	—	—	—	—	—	2,037	2,037
Balance, December 30, 2018	91,272	$ 913	$ 1,107,582	$ (920,010)	$ (142,755)	$ 9,087	$ 54,817

(CONTINUED...)

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

	BLOOMIN' BRANDS						
	COMMON STOCK						
	SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	ACCUM-ULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS	NON-CONTROLLING INTERESTS	TOTAL
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	—	—	—	130,573	—	3,544	134,117
Other comprehensive (loss) income, net of tax	—	—	—	—	(27,055)	291	(26,764)
Cash dividends declared, $0.40 per common share	—	—	(35,734)	—	—	—	(35,734)
Repurchase and retirement of common stock	(5,469)	(55)	—	(106,937)	—	—	(106,992)
Stock-based compensation	—	—	19,951	—	—	—	19,951
Common stock issued under stock plans (1)	1,143	11	2,696	—	—	—	2,707
Purchase of noncontrolling interests	—	—	(157)	—	34	82	(41)
Distributions to noncontrolling interests	—	—	—	—	—	(7,214)	(7,214)
Contributions from noncontrolling interests	—	—	—	—	—	1,349	1,349
Balance, December 29, 2019	86,946	$ 869	$ 1,094,338	$ (755,089)	$ (169,776)	$ 7,139	$ 177,481

(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.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	FISCAL YEAR		
	2019	2018	2017
Cash flows provided by operating activities:			
Net income	$ 134,117	$ 109,538	$ 103,608
Adjustments to reconcile Net income to cash provided by operating activities:			
Depreciation and amortization	196,811	201,593	192,282
Amortization of deferred discounts and issuance costs	2,517	2,561	2,868
Amortization of deferred gift card sales commissions	26,094	27,227	26,751
Provision for impaired assets and restaurant closings	9,085	36,863	52,329
Non-cash operating lease costs	73,357	—	—
Stock-based and other non-cash compensation expense	24,651	27,433	25,938
Deferred income tax benefit	(25,890)	(29,490)	(28,051)
Loss on extinguishment and modification of debt	—	—	1,069
Loss (gain) on sale of a business or subsidiary	206	—	(15,632)
Recognition of deferred gain on sale-leaseback transactions	—	(12,336)	(11,872)
(Gain) loss on disposal of property, fixtures and equipment	(2,984)	(585)	2,461
Other, net	(10,471)	4,943	2,951
Change in assets and liabilities:			
(Increase) decrease in inventories	(15,388)	(24,707)	11,065
Increase in other current assets	(40,519)	(25,405)	(12,262)
Increase in other assets	(890)	(3,190)	(1,585)
Decrease in operating right-of-use assets, net	391	—	—
(Decrease) increase in accounts payable and accrued and other current liabilities	(23,497)	(39,871)	53,880
Increase in deferred rent	—	8,737	12,079
Increase (decrease) in unearned revenue	26,676	12,199	(5,855)
Decrease in operating lease liabilities	(69,886)	—	—
Increase (decrease) in other long-term liabilities	13,223	(7,436)	(3,022)
Net cash provided by operating activities	317,603	288,074	409,002
Cash flows used in investing activities:			
Proceeds from disposal of property, fixtures and equipment	18,291	14,041	1,020
Proceeds from sale-leaseback transactions, net	7,085	16,160	98,840
Proceeds from sale of a business, net of cash divested	—	—	39,196
Capital expenditures	(161,926)	(208,224)	(260,589)
Other investments, net	5,259	727	(1,582)
Net cash used in investing activities	$ (131,291)	$ (177,296)	$ (123,115)

(CONTINUED...)

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

	FISCAL YEAR		
	2019	2018	2017
Cash flows used in financing activities:			
Proceeds from issuance of long-term debt, net	$ —	$ 1,637	$ 621,603
Extinguishment and modification of debt	—	—	(1,193,719)
Repayments of long-term debt	(27,259)	(26,686)	(75,528)
Proceeds from borrowings on revolving credit facilities, net	670,800	476,829	1,345,761
Repayments of borrowings on revolving credit facilities	(671,300)	(478,500)	(676,500)
Proceeds from failed sale-leaseback transactions, net	—	—	5,942
Proceeds from share-based compensation, net	2,707	36,612	10,439
Distributions to noncontrolling interests	(7,214)	(6,943)	(5,973)
Contributions from noncontrolling interests	1,349	2,037	873
Purchase of limited partnership and noncontrolling interests	(41)	(2,112)	(5,713)
Payments for partner equity plan	(15,675)	(19,947)	(16,786)
Repurchase of common stock	(106,992)	(113,967)	(272,916)
Cash dividends paid on common stock	(35,734)	(33,312)	(30,988)
Net cash used in financing activities	(189,359)	(164,352)	(293,505)
Effect of exchange rate changes on cash and cash equivalents	(1,631)	(4,146)	975
Net decrease in cash, cash equivalents and restricted cash	(4,678)	(57,720)	(6,643)
Cash, cash equivalents and restricted cash as of the beginning of the period	71,823	129,543	136,186
Cash, cash equivalents and restricted cash as of the end of the period	$ 67,145	$ 71,823	$ 129,543
Supplemental disclosures of cash flow information:			
Cash paid for interest	$ 47,893	$ 41,681	$ 40,475
Cash paid for income taxes, net of refunds	23,995	15,839	33,392
Supplemental disclosures of non-cash investing and financing activities:			
Leased assets obtained in exchange for new operating lease liabilities	$ 67,955	$ —	$ —
Leased assets obtained in exchange for new finance lease liabilities	208	—	—
(Decrease) increase in liabilities from the acquisition of property, fixtures and equipment or capital leases	(2,899)	2,699	(4,747)

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

1. Description of Business

Bloomin’ Brands, Inc. (“Bloomin’ Brands” or the “Company”) is one of the largest casual dining restaurant companies in the world, with a portfolio of leading, differentiated restaurant concepts. OSI Restaurant Partners, LLC (“OSI”) is the Company’s primary operating entity.

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.

2. Summary of Significant Accounting Policies

Basis of Presentation - The Company’s consolidated financial statements include the accounts and operations of Bloomin’ Brands and its subsidiaries.

To ensure timely reporting, the Company consolidates the results of its Brazil operations on a one month calendar lag. There were no intervening events that would materially affect the Company’s consolidated financial position, results of operations or cash flows as of and for the year ended December 29, 2019.

Principles of Consolidation - All intercompany accounts and transactions have been eliminated in consolidation.

The Company consolidates variable interest entities where it has been determined that the Company is the primary beneficiary of those entities’ operations. The Company is a franchisor of 300 restaurants as of December 29, 2019, but does not possess any ownership interests in its franchisees and does not provide material financial support to its franchisees. These franchise relationships are not deemed variable interest entities and are not consolidated.

Investments in entities the Company does not control, but where the Company’s interest is generally between 20% and 50% and the Company has the ability to exercise significant influence over the entity, are accounted for under the equity method.

Fiscal Year - The Company utilizes a 52-53 week year ending on the last Sunday in December. In a 52 week fiscal year, each quarterly period is comprised of 13 weeks. The additional week in a 53 week fiscal year is added to the fourth quarter. Fiscal year 2017 consisted of 53 weeks and fiscal years 2019 and 2018 consisted of 52 weeks.

Use of Estimates - The preparation of the accompanying consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

Cash and Cash Equivalents - Cash equivalents consist of investments that are readily convertible to cash with an original maturity date of three months or less. Cash and cash equivalents include $44.8 million and $47.1 million, as of December 29, 2019 and December 30, 2018, respectively, for amounts in transit from credit card companies since settlement is reasonably assured.

Concentrations of Credit and Counterparty Risk - Financial instruments that potentially subject the Company to a concentration of credit risk are gift card, vendor and other receivables. Gift card, vendor and other receivables consist primarily of amounts due from gift card resellers and vendor rebates. The Company considers the concentration of credit risk for gift card, vendor and other receivables to be minimal due to the payment histories and general financial condition of its gift card resellers and vendors.

Financial instruments that potentially subject the Company to concentrations of counterparty risk are cash and cash equivalents, restricted cash and derivatives. The Company attempts to limit its counterparty risk by investing in certificates of deposit, money market funds, noninterest-bearing accounts and other highly rated investments. Whenever possible, the Company selects investment grade counterparties and rated money market funds in order to mitigate its counterparty risk. At times, cash balances may be in excess of FDIC insurance limits. See Note 16 - *Derivative Instruments and Hedging Activities* for a discussion of the Company's use of derivative instruments and management of credit risk inherent in derivative instruments.

Fair Value - 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

Inventories - Inventories consist of food and beverages and are stated at the lower of cost (first-in, first-out) or net realizable value.

Restricted Cash - From time to time, the Company may have short-term restricted cash balances consisting of amounts pledged for settlement of deferred compensation plan obligations.

Property, Fixtures and Equipment - Property, fixtures and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful life of the assets. Estimated useful lives by major asset category are generally as follows:

Buildings (1)	5 to 30 years
Furniture and fixtures	5 to 7 years
Equipment	2 to 7 years
Computer equipment and software	3 to 7 years

____
(1) Includes improvements to leased properties which are depreciated over the shorter of their useful life or the reasonably certain lease term, including renewal periods that are reasonably certain.

Estimated useful lives are periodically reviewed and, where appropriate, changes are made prospectively. Effective September 30, 2019, the Company changed the estimated useful life of its leasehold improvements from 20 years to 30 years (or the reasonably certain lease term) for leasehold improvements associated with ground leases placed in service on or after that date. The change in useful life was adopted based on historical experience related to the use of leasehold improvements and the expectation of future usability considering the Company's revised site selection strategy in recent years to focus on securing prime locations and ground leases for restaurant development and relocations. The change in estimated useful life did not have a material impact on the Company's consolidated financial statements.

Repair and maintenance costs that maintain the appearance and functionality of the restaurant, but do not extend the useful life of any restaurant asset are expensed as incurred. The Company suspends depreciation and amortization for assets held for sale. The cost and related accumulated depreciation of assets sold or disposed of are removed from the Company's Consolidated Balance Sheets, and any resulting gain or loss is generally recognized in Other restaurant operating expense in its Consolidated Statements of Operations and Comprehensive Income.

The Company capitalizes direct and indirect internal costs associated with the acquisition, development, design and construction of Company-owned restaurant locations as these costs have a future benefit to the Company. Upon restaurant opening, these costs are depreciated and charged to depreciation and amortization expense. Internal costs of $6.4 million, $6.9 million and $9.1 million were capitalized during 2019, 2018 and 2017, respectively.

For 2019 and 2018, computer equipment and software costs of $7.4 million and $13.5 million, respectively, were capitalized. As of December 29, 2019 and December 30, 2018, there was $25.7 million and $33.2 million, respectively, of unamortized computer equipment and software included in Property, fixtures and equipment, net on the Company's Consolidated Balance Sheets.

Goodwill and Intangible Assets - Goodwill represents the excess of the purchase price over the fair value of net assets acquired in business combinations and is assigned to the reporting unit in which the acquired business will operate. The Company's indefinite-lived intangible assets consist of trade names. Goodwill and indefinite-lived intangible assets are tested for impairment annually, as of the first day of the second fiscal quarter, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Company may elect to perform a qualitative assessment to determine whether it is more likely than not that a reporting unit is impaired. If the qualitative assessment is not performed or if the Company determines that it is not more likely than not that the fair value of the reporting unit exceeds the carrying value, the fair value of the reporting unit is calculated. The carrying value of the reporting unit is compared to its estimated fair value, with any excess of carrying value over fair value deemed to be an indicator of impairment.

Definite-lived intangible assets, which consist primarily of trademarks, franchise agreements and reacquired franchise rights, are amortized over their estimated useful lives and are tested for impairment, using the discounted cash flow method, whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Derivatives - The Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting.

Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. If the derivative qualifies for hedge accounting treatment, any gain or loss on the derivative instrument is recognized in equity as a change to Accumulated other comprehensive loss and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings.

The Company may enter into derivative contracts that are intended to economically hedge certain of its risk, even though hedge accounting does not apply or the Company elects not to apply hedge accounting. Derivatives not designated as hedges are not speculative and are used to manage the Company's exposure to interest rate movements, foreign currency exchange rate movements, changes in energy prices and other identified risks. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings. The Company has elected not to offset derivative positions in the balance sheet with the same counterparty under the same agreement.

Deferred Financing Fees - For fees associated with its revolving credit facility, the Company records deferred financing fees related to the issuance of debt obligations in Other assets, net on its Consolidated Balance Sheets. For fees associated with all other debt obligations, the Company records deferred financing fees as a reduction of Long-term debt, net.

The Company amortizes deferred financing fees to interest expense over the term of the respective financing arrangement, primarily using the effective interest method. The Company amortized deferred financing fees of $2.5 million, $2.6 million and $2.9 million to interest expense for 2019, 2018 and 2017, respectively.

Liquor Licenses - The fees from obtaining non-transferable liquor licenses directly issued by local government agencies for nominal fees are expensed as incurred. The costs of purchasing transferable liquor licenses through open markets in jurisdictions with a limited number of authorized liquor licenses are capitalized as indefinite-lived intangible assets and included in Other assets, net on the Company's Consolidated Balance Sheets.

Insurance Reserves - The Company carries insurance programs with specific retention levels or high per-claim deductibles for a significant portion of expected losses under its workers' compensation, general or liquor liability, health, property and management liability insurance programs. The Company records a liability for all unresolved claims and for an estimate of incurred but not reported claims at the anticipated cost that falls below its specified retention levels or per-claim deductible amounts. In establishing reserves, the Company considers actuarial assumptions and judgments regarding economic conditions, the frequency and severity of claims, claim development history and settlement practices. Reserves recorded for workers' compensation and general liability claims are discounted using the average of the one-year and five-year risk-free rate of monetary assets that have comparable maturities.

Share Repurchase - Shares repurchased are retired. The par value of the repurchased shares is deducted from common stock and the excess of the purchase price over the par value of the shares is recorded to Accumulated deficit.

Revenue Recognition - The Company records food and beverage revenues, net of discounts and taxes, upon delivery to the customer. Franchise-related revenues are included in Franchise and other revenues in the Company's Consolidated Statements of Operations and Comprehensive Income. Royalties, which are a percentage of net sales of the franchisee, are recognized as revenue in the period which the sales are reported to have occurred.

Proceeds from the sale of gift cards, which do not have expiration dates, are recorded as deferred revenue and recognized as revenue upon redemption by the customer. The Company applies the portfolio approach practical expedient to account for gift card contracts and performance obligations. Gift card breakage, the amount of gift cards which will not be redeemed, is recognized using estimates based on historical redemption patterns. If actual redemptions vary from the estimated breakage, gift card breakage income may differ from the amount recorded. The Company periodically updates its estimates used for breakage. Breakage revenue is recorded as a component of Restaurant sales in the Company's Consolidated Statements of Operations and Comprehensive Income. Approximately 85% of deferred gift card revenue is expected to be recognized within 12 months of inception. Gift card sales that are accompanied by a bonus gift card to be used by the customer at a future visit result in a separate deferral of a portion of the original gift card sale. Revenue is recorded when the bonus card is redeemed or expires at the estimated fair market value of the bonus card.

Gift card sales commissions paid to third-party providers are capitalized and subsequently amortized to Other restaurant operating expense based on historical gift card redemption patterns. See Note 3 - *Revenue Recognition* for rollforwards of deferred gift card sales commissions and unearned gift card revenue.

Advertising fees charged to franchisees are recognized as Franchise revenue in the Company's Consolidated Statements of Operations and Comprehensive Income. Initial franchise and renewal fees are recognized over the term of the franchise agreement and renewal period, respectively. The weighted average remaining term of franchise agreements and renewal periods was approximately 14 years as of December 29, 2019.

The Company maintains a customer loyalty program, Dine Rewards, in the U.S., where customers have the ability to earn a reward after a number of qualified visits. The Company has developed an estimated value of the partial reward earned from each qualified visit, which is recorded as deferred revenue. Each reward has a maximum value and must be redeemed within three months of earning such reward. The revenue associated with the fair value of the qualified visit is recognized upon the earlier of redemption or expiration of the reward. The Company applies the practical expedient to exclude disclosures regarding loyalty program remaining performance obligations, which have original expected durations of less than one year.

The Company collects and remits sales, food and beverage, alcoholic beverage and hospitality taxes on transactions with customers and reports revenue net of taxes in its Consolidated Statements of Operations and Comprehensive Income.

Leases - Effective December 31, 2018, the Company's lease accounting policies changed in conjunction with its adoption of 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 Transitioning to Topic 842," ("ASU No. 2018-01") and ASU No. 2018-11: Leases (Topic 842): Targeted Improvements ("ASU No. 2018-11"). See discussion of ASU No. 2016-02, ASU No. 2018-01 and ASU No. 2018-11 in *Recently Adopted Financial Accounting Standards* below.

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 between one and 20 years. Restaurant facility leases generally have renewal periods totaling five to 30 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 and future variable rent obligations are not included within the lease liabilities on 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.

Rent expense for the Company's operating leases, which generally have escalating rentals over the term of the lease and may include rent holidays, is recorded on a straight-line basis over the initial lease term and those renewal periods that are reasonably certain. Rent expense is recorded in Other restaurant operating in the Company's Consolidated Statements of Operations and Comprehensive Income. Payments received from landlords as incentives for leasehold improvements are recorded as a reduction of the right-of-use asset and amortized on a straight-line basis over the term of the lease as a reduction of rent expense.

Pre-Opening Expenses - Non-capital expenditures associated with opening new restaurants are expensed as incurred and are included in Other restaurant operating expense in the Company's Consolidated Statements of Operations and Comprehensive Income.

Consideration Received from Vendors - The Company receives consideration for a variety of vendor-sponsored programs, such as volume rebates, promotions and advertising allowances. Advertising allowances are intended to offset the Company's costs of promoting and selling menu items in its restaurants. Vendor consideration is recorded as a reduction of Cost of sales or Other restaurant operating expense when recognized in the Company's Consolidated Statements of Operations and Comprehensive Income.

Impairment of Long-Lived Assets and Costs Associated with Exit Activities - Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The evaluation is performed at the lowest level of identifiable cash flows independent of other assets. For long-lived assets deployed at its restaurants, the Company reviews for impairment at the individual restaurant level. When evaluating for impairment, the total future undiscounted cash flows expected to be generated by the asset are compared to the carrying amount. If the total future undiscounted cash flows of the asset are less than its carrying amount, recoverability is measured by comparing the fair value of the assets to the carrying amount. An impairment loss is recognized in earnings when the asset's carrying value exceeds its estimated fair value. Fair value is generally estimated using a discounted cash flow model.

Restaurant closure costs, including lease termination fees, are expensed as incurred. When the Company ceases using the property rights under a non-cancelable operating lease, it records a liability for the net present value of any remaining non-rent lease related obligations as a result of lease termination, less the estimated subtenant cost recovery that can reasonably be obtained for the property. Any subsequent adjustment to that liability as a result of lease termination or changes in estimates of cost recovery is recorded in the period incurred. The associated expense is recorded in Provision for impaired assets and restaurant closings in the Company's Consolidated Statements of Operations and Comprehensive Income.

Restaurant sites and certain other assets to be sold are included in assets held for sale when certain criteria are met, including the requirement that the likelihood of selling the assets within one year is probable.

Advertising Costs - Advertising production costs are expensed in the period when the advertising first occurs. All other advertising costs are expensed in the period in which the costs are incurred. Advertising expense of $146.1 million, $147.8 million and $151.4 million for 2019, 2018 and 2017, respectively, was recorded in Other restaurant operating expense in the Company's Consolidated Statements of Operations and Comprehensive Income.

Legal Costs - Settlement costs are accrued when they are deemed probable and reasonably estimable. Legal fees are recognized as incurred and are reported in General and administrative expense in the Company's Consolidated Statements of Operations and Comprehensive Income.

Research and Development Expenses ("R&D") - R&D is expensed as incurred in General and administrative expense in the Company's Consolidated Statements of Operations and Comprehensive Income. R&D primarily consists of payroll and benefit costs. R&D was $3.4 million, $3.8 million and $3.9 million for 2019, 2018 and 2017, respectively.

Partner Compensation - In addition to base salary, Area Operating Partners, Restaurant Managing Partners and Chef Partners generally receive performance-based bonuses for providing management and supervisory services to their restaurants, certain of which may be based on a percentage of their restaurants' monthly operating results or cash flows and/or total controllable income ("Monthly Payments").

Certain Restaurant Managing Partners and Chef Partners in the U.S. ("U.S. Partners") may also participate in deferred compensation programs and other performance-based compensation programs. The Company may invest in corporate-owned life insurance policies, which are held within an irrevocable grantor or "rabbi" trust account for settlement of certain of the Company's obligations under the deferred compensation plans.

Many of the Company's international Restaurant Managing Partners are given the option to purchase participation interests in the cash distributions of the restaurants they manage. The amount, terms and availability vary by country.

The Company estimates future bonuses and deferred compensation obligations to U.S. Partners and Area Operating Partners, using current and historical information on restaurant performance and records the long-term portion of partner obligations in Other long-term liabilities, net on its Consolidated Balance Sheets. Monthly Payments and deferred compensation expenses for U.S. Partners are included in Labor and other related expenses and Monthly Payments and bonus expense for Area Operating Partners are included in General and administrative expense in the Company's Consolidated Statements of Operations and Comprehensive Income.

Stock-based Compensation - Stock-based compensation awards are measured at fair value at the date of grant and expensed over their vesting or service periods. Stock-based compensation expense is recognized only for those awards expected to vest. The expense, net of forfeitures, is recognized using the straight-line method. Forfeitures of share-based compensation awards are recognized as they occur.

Foreign Currency Translation and Transactions - For non-U.S. operations, the functional currency is the local currency. Foreign currency denominated assets and liabilities are translated into U.S. dollars using the exchange rates in effect at the balance sheet date with the translation adjustments recorded in Accumulated other comprehensive loss in the

Company's Consolidated Statements of Changes in Stockholders' Equity. Results of operations are translated using the average exchange rates for the reporting period. Foreign currency exchange transaction losses are recorded in General and administrative expense in the Company's Consolidated Statements of Operations and Comprehensive Income.

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

The Company records a tax benefit for an uncertain tax position using the highest cumulative tax benefit that is more likely than not to be realized. The Company adjusts its liability for unrecognized tax benefits in the period in which it determines the issue is effectively settled, the statute of limitations expires or when more information becomes available. Liabilities for unrecognized tax benefits, including penalties and interest, are recorded in Accrued and other current liabilities and Other long-term liabilities, net on the Company's Consolidated Balance Sheets.

Recently Adopted Financial Accounting Standards - On December 31, 2018, the Company adopted ASU No. 2016-02, ASU No. 2018-01, and 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 2019 from the adoption of ASU No. 2016-02 since the Company no longer recognizes the benefit of deferred gains on sale-leaseback transactions through its statements of operations over the corresponding lease term. During 2018 and 2017, the Company recognized $12.3 million and $11.9 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") on 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 losses for financial instruments under the current expected credit loss model ("CECL model") versus incurred losses under current guidance. The Company's allowance for credit losses will generally increase under the CECL model. The Company's adoption of ASU No. 2016-13 and its related amendments ("the new credit loss standard") on December 30, 2019 did not have a material effect on the Company's consolidated financial statements. Measurement processes and related controls have been implemented by the Company to ensure compliance with the new credit loss standard.

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. Under ASU No. 2018-15, implementation costs incurred by customers in cloud computing arrangements are deferred and recognized over the term of the arrangement similar to internal-use software guidance. The Company's prospective adoption of ASU No. 2018-15 on December 30, 2019 did not have a material effect on its consolidated financial statements. The Company will defer and recognize allowable implementation costs for future cloud computing projects which may be material to future reporting periods.

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.

3. Revenue Recognition

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

	FISCAL YEAR		
(dollars in thousands)	**2019**	**2018**	**2017**
Revenues			
Restaurant sales	$ 4,075,014	$ 4,060,871	$ 4,164,063
Franchise and other revenues			
Franchise revenue	$ 52,147	$ 52,906	$ 47,021
Other revenue	12,228	12,636	12,052
Total Franchise and other revenues	$ 64,375	$ 65,542	$ 59,073
Total revenues	$ 4,139,389	$ 4,126,413	$ 4,223,136

BLOOMIN' BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

The following table includes the disaggregation of Restaurant sales and Franchise revenue, by restaurant concept and major international market, for the periods indicated:

	FISCAL YEAR					
	2019		2018		2017	
(dollars in thousands)	RESTAURANT SALES	FRANCHISE REVENUE	RESTAURANT SALES	FRANCHISE REVENUE	RESTAURANT SALES	FRANCHISE REVENUE
U.S.						
Outback Steakhouse (1)	$ 2,135,776	$ 38,614	$ 2,098,696	$ 40,422	$ 2,141,506	$ 34,978
Carrabba's Italian Grill (1)	613,031	2,112	647,454	601	673,872	553
Bonefish Grill	574,004	787	578,139	833	600,717	925
Fleming's Prime Steakhouse & Wine Bar	307,199	—	304,064	—	296,982	—
Other	4,658	—	5,845	—	589	—
U.S. total	$ 3,634,668	$ 41,513	$ 3,634,198	$ 41,856	$ 3,713,666	$ 36,456
International						
Outback Steakhouse Brazil	$ 355,837	$ —	$ 348,394	$ —	$ 377,158	$ —
Other (2)	84,509	10,634	78,279	11,050	73,239	10,565
International total	$ 440,346	$ 10,634	$ 426,673	$ 11,050	$ 450,397	$ 10,565
Total	$ 4,075,014	$ 52,147	$ 4,060,871	$ 52,906	$ 4,164,063	$ 47,021

(1) In 2019, the Company sold 18 Carrabba's Italian Grill restaurants. In 2017, the Company sold 53 Outback Steakhouse restaurants and one Carrabba's Italian Grill restaurant. These restaurants are now operated as franchises.
(2) Includes Restaurant sales for the Company's Abbraccio concept in Brazil.

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)	DECEMBER 29, 2019	DECEMBER 30, 2018
Other current assets, net		
Deferred gift card sales commissions	$ 18,554	$ 16,431
Unearned revenue		
Deferred gift card revenue	$ 358,757	$ 333,794
Deferred loyalty revenue	10,034	8,424
Deferred franchise fees - current	491	490
Total Unearned revenue	$ 369,282	$ 342,708
Other long-term liabilities, net		
Deferred franchise fees - non-current	$ 4,599	$ 4,531

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

	FISCAL YEAR		
(dollars in thousands)	2019	2018	2017
Balance, beginning of period	$ 16,431	$ 16,231	$ 15,584
Deferred gift card sales commissions amortization	(26,094)	(27,227)	(26,751)
Deferred gift card sales commissions capitalization	29,894	28,980	29,412
Other	(1,677)	(1,553)	(2,014)
Balance, end of period	$ 18,554	$ 16,431	$ 16,231

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

	FISCAL YEAR		
(dollars in thousands)	2019	2018	2017
Balance, beginning of period	$ 333,794	$ 323,628	$ 331,803
Gift card sales	420,229	419,172	440,946
Gift card redemptions	(376,477)	(388,954)	(426,174)
Gift card breakage	(18,789)	(20,052)	(22,947)
Balance, end of period	$ 358,757	$ 333,794	$ 323,628

4. Disposals

Refranchising - During 2019, the Company completed the sale of 18 of its existing U.S. Company-owned Carrabba's Italian Grill restaurants to an existing franchisee for cash proceeds of $3.6 million, net of certain purchase price adjustments.

In 2017, the Company completed the sale of 54 of its existing U.S. Company-owned Outback Steakhouse and Carrabba's Italian Grill restaurants to two of its existing franchisees (the "Buyers") for aggregate cash proceeds of $36.2 million, net of certain closing adjustments. The transactions resulted in an aggregate net gain of $7.4 million, recorded within Other (expense) income, net, in the Consolidated Statements of Operations and Comprehensive Income, and is net of an impairment of $1.7 million related to certain Company-owned assets leased to the Buyers. Included in the cash proceeds are initial franchise fees of $2.2 million that were recorded within Franchise and other revenues in the Consolidated Statements of Operations and Comprehensive Income.

The restaurants in the transactions above are now operated as franchises and the Company remains contingently liable on certain real estate lease agreements assigned to the franchisees. See Note 20 - *Commitments and Contingencies* for additional details regarding lease guarantees.

Surplus Property Disposals - During 2019, the Company completed the sale of five of its U.S. surplus properties to a franchisee for cash proceeds of $12.7 million, net of certain purchase price adjustments. The transaction resulted in a net gain of $3.6 million, recorded within Other restaurant operating expense in the Company's Consolidated Statements of Operations and Comprehensive Income.

Other Disposals - During 2017, the Company closed and completed the sale of one U.S. Company-owned Carrabba's Italian Grill restaurant for a purchase price of $9.9 million, net of closing costs. The sale resulted in a net gain of $8.4 million, recorded in Other (expense) income, net, in the Company's Consolidated Statements of Operations and Comprehensive Income.

5. Impairments and Exit Costs

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

	FISCAL YEAR		
(dollars in thousands)	2019	2018	2017
Impairment losses			
U.S.	$ 6,381	$ 15,342	$ 15,325
International	2,026	11,457	10,124
Corporate	727	—	—
Total impairment losses	$ 9,134	$ 26,799	$ 25,449
Restaurant closure expenses			
U.S.	$ (105)	$ 6,536	$ 26,749
International	56	3,528	131
Total restaurant closure expenses	$ (49)	$ 10,064	$ 26,880
Provision for impaired assets and restaurant closings	$ 9,085	$ 36,863	$ 52,329

Closure Initiative and Restructuring Costs - Following is a summary of expenses related to the 2017 Closure Initiative and the Bonefish Restructuring (the "Closure Initiatives"), recognized in the Company's Consolidated Statements of Operations and Comprehensive Income for the periods indicated:

	FISCAL YEAR		
(dollars in thousands)	2019	2018	2017
Impairment, facility closure and other expenses			
2017 Closure Initiative (1)	$ 1,717	$ 1,662	$ 20,352
Bonefish Restructuring (2)	(19)	1,405	3,783
Impairment, facility closure and other expenses - Provision for impaired assets and restaurant closings	$ 1,698	$ 3,067	$ 24,135
Severance and other expenses			
2017 Closure Initiative (1)	$ 1,108	$ 434	$ 3,299
Bonefish Restructuring (2)	—	136	67
Severance and other expenses - General and administrative expense	$ 1,108	$ 570	$ 3,366
Reversal of deferred rent liability			
2017 Closure Initiative (1)	$ (96)	$ (469)	$ (4,755)
Bonefish Restructuring (2)	—	(147)	—
Reversal of deferred rent liability - Other restaurant operating expense	$ (96)	$ (616)	$ (4,755)
	$ 2,710	$ 3,021	$ 22,746

(1) On February 15, 2017 and August 28, 2017, the Company decided to close 43 underperforming restaurants in the U.S. and two Abbraccio restaurants outside of the core markets of São Paulo and Rio de Janeiro in Brazil (the "2017 Closure Initiative"). Most of these restaurants were closed in 2017, with the balance mostly closing as leases and certain operating covenants expired or were amended or waived. In connection with the 2017 Closure Initiative, the Company recognized impairments and closure costs of $1.7 million, $0.6 million and $17.9 million within the U.S. segment for 2019, 2018 and 2017, respectively, and $1.1 million and $2.5 million within the international segment for 2018 and 2017, respectively.

(2) On February 12, 2016, the Company decided to close 14 Bonefish Grill restaurants (the "Bonefish Restructuring"). Expenses related to the Bonefish Restructuring are recognized within the U.S. segment.

Cumulative Closure Initiative and Restructuring Costs - Following is a summary of cumulative expenses related to the Closure Initiatives incurred through December 29, 2019 (dollars in thousands):

DESCRIPTION	LOCATION OF CHARGE IN THE CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME	CLOSURE INITIATIVES AND RESTRUCTURING 2017	BONEFISH	TOTAL (1)
Impairments, facility closure and other expenses	Provision for impaired assets and restaurant closings	$ 70,231	$ 34,232	$ 104,463
Severance and other expenses	General and administrative	4,841	947	5,788
Reversal of deferred rent liability	Other restaurant operating	(8,591)	(3,704)	(12,295)
		$ 66,481	$ 31,475	$ 97,956

(1) The 2017 Closure Initiative expenses included $64.2 million and $2.2 million within the U.S. and international segment, respectively.

International Restructuring - The Company recognized asset impairment and closure charges of $2.0 million, $13.9 million and $6.3 million during 2019, 2018 and 2017, respectively, related to restructuring of certain international markets, including Puerto Rico and China, within the international segment.

Express Concept Restructuring - In 2018, the Company recognized asset impairment charges of $7.4 million related to the restructuring of its Express concept, within the U.S. segment. As a part of the restructuring, three Express locations closed during 2019.

Refranchising - In connection with the sale of certain existing U.S. Company-owned Carrabba's Italian Grill restaurants, the Company recognized asset impairment charges of $5.5 million in 2018, within the U.S. segment.

Surplus Properties - The Company owns certain U.S. restaurant properties and assets that are no longer utilized to operate its restaurant concepts ("surplus properties"). Surplus properties primarily consist of closed properties, which include land and a building, and liquor licenses no longer needed for operations. Surplus properties may be classified on the Consolidated Balance Sheets as assets held for sale or as assets held and used when the Company does not expect to sell these assets within the next 12 months. Following is a summary of the carrying value and number of surplus properties as of the periods indicated:

(dollars in thousands)	CONSOLIDATED BALANCE SHEET CLASSIFICATION	DECEMBER 29, 2019	DECEMBER 30, 2018
Surplus properties - assets held for sale	Other current assets, net	$ 3,317	$ 4,594
Surplus properties - assets held and used	Property, fixtures and equipment, net	18,188	15,254
Total surplus properties		$ 21,505	$ 19,848
Number of surplus properties owned		20	16

During 2017, the Company recognized asset impairment charges of $10.7 million in connection with the remeasurement of certain surplus properties, within the U.S. segment.

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

Accrued Facility Closure and Other Cost Rollforward - The following table summarizes the Company's rollforward of closed facility lease liabilities and other accrued costs associated with the Closure Initiatives for the period indicated:

(dollars in thousands)	FISCAL YEAR 2019
Beginning of the year	$ 18,094
Additions (1)	1,288
Cash payments	(5,538)
Accretion	1,253
Adjustments	(555)
End of the year (2)	$ 14,542

____
(1) Includes closure initiative related lease liabilities recognized as a result of the adoption of ASU No. 2016-02.
(2) As of December 29, 2019, the Company had exit-related accruals related to the Closure Initiatives of $3.3 million recorded in Accrued and other current liabilities and $11.2 million recorded in Non-current operating lease liabilities on its Consolidated Balance Sheet.

6. Earnings Per Share

The Company computes basic earnings per share based on the weighted average number of common shares that were outstanding during the period. Diluted earnings per share includes the dilutive effect of common stock equivalents consisting of restricted stock, restricted stock units, performance-based share units and stock options, using the treasury stock method. Performance-based share units are considered dilutive when the related performance criterion has been met.

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

	FISCAL YEAR		
(in thousands, except per share data)	2019	2018	2017
Net income attributable to Bloomin' Brands	$ 130,573	$ 107,098	$ 101,293
Basic weighted average common shares outstanding	88,839	92,042	96,365
Effect of diluted securities:			
Stock options	571	1,595	2,895
Nonvested restricted stock and restricted stock units	295	397	421
Nonvested performance-based share units	72	41	26
Diluted weighted average common shares outstanding	89,777	94,075	99,707
Basic earnings per share	$ 1.47	$ 1.16	$ 1.05
Diluted earnings per share	$ 1.45	$ 1.14	$ 1.02

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

	FISCAL YEAR		
(shares in thousands)	2019	2018	2017
Stock options	4,003	2,879	5,555
Nonvested restricted stock and restricted stock units	158	99	128
Nonvested performance-based share units	277	201	222

7. Stock-based and Deferred Compensation Plans

Stock-based Compensation Plans

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

	FISCAL YEAR		
(dollars in thousands)	**2019**	**2018**	**2017**
Stock options	$ 5,270	$ 6,378	$ 10,423
Restricted stock and restricted stock units	8,949	9,143	9,933
Performance-based share units	5,471	6,911	2,227
	$ 19,690	$ 22,432	$ 22,583

Stock Options - Stock options generally vest and become exercisable over a period of four years in an equal number of shares each year. Stock options have an exercisable life of no more than ten years from the date of grant. The Company settles stock option exercises with authorized but unissued shares of the Company's common stock.

The following table presents a summary of the Company's stock option activity:

(in thousands, except exercise price and contractual life)	**OPTIONS**	**WEIGHTED-AVERAGE EXERCISE PRICE**	**WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)**	**AGGREGATE INTRINSIC VALUE**
Outstanding as of December 30, 2018	6,190	$ 18.30	5.7	$ 11,439
Granted	1,237	20.59		
Exercised	(721)	9.11		
Forfeited or expired	(607)	22.76		
Outstanding as of December 29, 2019	6,099	$ 19.40	6.0	$ 18,961
Exercisable as of December 29, 2019	3,846	$ 19.06	4.7	$ 14,405

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:

	FISCAL YEAR		
	2019	**2018**	**2017**
Assumptions:			
Weighted-average risk-free interest rate (1)	2.34%	2.66%	1.92%
Dividend yield (2)	1.94%	1.50%	1.84%
Expected term (3)	4.8 years	5.8 years	6.3 years
Weighted-average volatility (4)	31.05%	32.76%	33.72%
Weighted-average grant date fair value per option	$ 5.07	$ 7.23	$ 5.09

(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.

The following represents stock option compensation information for the periods indicated:

	FISCAL YEAR		
(dollars in thousands)	**2019**	**2018**	**2017**
Intrinsic value of options exercised	$ 7,929	$ 52,247	$ 15,139
Cash received from option exercises, net of tax withholding	$ 6,501	$ 40,501	$ 13,329
Fair value of stock options vested	$ 18,136	$ 34,316	$ 28,085
Tax benefits for stock option compensation expense (1)	$ 1,932	$ 13,085	$ 5,889
Unrecognized stock option expense	$ 7,669		
Remaining weighted-average vesting period	1.9 years		

____
(1) Includes excess tax benefits for tax deductions related to the exercise of stock options of $0.2 million, $8.0 million and $2.9 million for fiscal years 2019, 2018 and 2017, respectively.

Restricted Stock and Restricted Stock Units - 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. Following is a summary of the Company's restricted stock unit activity:

(shares in thousands)	**NUMBER OF RESTRICTED STOCK UNIT AWARDS**	**WEIGHTED-AVERAGE GRANT DATE FAIR VALUE PER AWARD**
Outstanding as of December 30, 2018	1,156	$ 18.65
Granted	610	19.15
Vested	(443)	18.50
Forfeited	(135)	19.17
Outstanding as of December 29, 2019	1,188	$ 18.91

The following represents restricted stock and restricted stock unit compensation information for the periods indicated:

	FISCAL YEAR		
(dollars in thousands)	**2019**	**2018**	**2017**
Fair value of restricted stock vested	$ 8,200	$ 9,705	$ 10,182
Tax benefits for restricted stock compensation expense	$ 1,672	$ 2,938	$ 3,664
Unrecognized restricted stock expense	$ 14,800		
Remaining weighted-average vesting period	2.1 years		

Performance-based Share Units ("PSUs") - The number of PSUs that vest is determined for each year based on the achievement of certain performance criteria as set forth in the award agreement and may range from zero to 200% of the annual target grant. The PSUs are settled in shares of common stock, with holders receiving one share of common stock for each performance-based share unit that vests. The fair value of PSUs is based on the closing price of the Company's common stock on the grant date. Compensation expense for PSUs is recognized over the vesting period when it is probable the performance criteria will be achieved.

The following table presents a summary of the Company's PSU activity:

(shares in thousands)	PERFORMANCE-BASED SHARE UNITS	WEIGHTED-AVERAGE GRANT DATE FAIR VALUE PER AWARD
Outstanding as of December 30, 2018	575	$ 18.54
Granted	237	20.00
Vested	(161)	18.61
Forfeited	(119)	17.42
Outstanding as of December 29, 2019	532	$ 19.42

The following represents PSU compensation information for the periods indicated:

	FISCAL YEAR		
(dollars in thousands)	2019	2018	2017
Tax benefits for PSU compensation expense	$ 857	$ 406	$ 501
Unrecognized PSU expense	$ 8,000		
Remaining weighted-average vesting period (1)	1.2 years		

____

(1) PSUs typically vest after three years.

As of December 29, 2019, the maximum number of shares of common stock available for issuance pursuant to the 2016 Omnibus Incentive Plan was 3,310,887.

Deferred Compensation Plans

U.S. Partner Deferred Compensations Plans - Certain U.S. Partners may participate in deferred compensation programs that are subject to the rules of Section 409A of the Internal Revenue Code. The Company may invest in corporate-owned life insurance policies, which are held within an irrevocable grantor or "rabbi" trust account for settlement of certain of the obligations under the deferred compensation plans. The deferred compensation obligation due to U.S. Partners under these plans was $49.0 million and $69.6 million as of December 29, 2019 and December 30, 2018, respectively. The rabbi trust is funded through the Company's voluntary contributions. The unfunded obligation for U.S. Partners deferred compensation was $9.1 million and $26.3 million as of December 29, 2019 and December 30, 2018, respectively.

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

401(k) Plan - The Company has a qualified defined contribution plan that qualifies under Section 401(k) of the Internal Revenue Code of 1986, as amended. The Company incurred contribution costs of $5.4 million, $5.3 million and $3.3 million for the 401(k) Plan for 2019, 2018 and 2017, respectively.

Highly Compensated Employee Plan - The Company provides a deferred compensation plan for its highly compensated employees who are not eligible to participate in the 401(k) Plan. The deferred compensation plan allows these employees to contribute a percentage of their base salary and cash bonus on a pre-tax basis. The deferred compensation plan is unsecured and funded through the Company's voluntary contributions.

8. Other Current Assets, Net

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

(dollars in thousands)	DECEMBER 29, 2019	DECEMBER 30, 2018
Prepaid expenses	$ 20,218	$ 38,117
Accounts receivable - gift cards, net	104,591	91,242
Accounts receivable - vendors, net	13,465	10,029
Accounts receivable - franchisees, net	1,322	1,303
Accounts receivable - other, net	21,734	19,688
Deferred gift card sales commissions	18,554	16,431
Assets held for sale	3,317	5,143
Other current assets, net	3,261	8,895
	$ 186,462	$ 190,848

9. Property, Fixtures and Equipment, Net

Property, fixtures and equipment, net, consisted of the following as of the periods indicated:

(dollars in thousands)	DECEMBER 29, 2019	DECEMBER 30, 2018
Land	$ 42,570	$ 59,973
Buildings	1,202,434	1,188,735
Furniture and fixtures	458,169	428,676
Equipment	665,815	634,459
Construction in progress	24,477	48,949
Less: accumulated depreciation	(1,357,388)	(1,244,863)
	$ 1,036,077	$ 1,115,929

Depreciation and repair and maintenance expense are as follows for the periods indicated:

	FISCAL YEAR		
(dollars in thousands)	2019	2018	2017
Depreciation expense	$ 188,190	$ 192,099	$ 182,254
Repair and maintenance expense	106,943	102,409	111,926

10. Goodwill and Intangible Assets, Net

Goodwill - The following table is a rollforward of goodwill:

(dollars in thousands)	U.S.	INTERNATIONAL	CONSOLIDATED
Balance as of December 31, 2017	$ 170,767	$ 139,467	$ 310,234
Translation adjustments	—	(14,697)	(14,697)
Transfer to Assets held for sale	(110)	—	(110)
Balance as of December 30, 2018	$ 170,657	$ 124,770	$ 295,427
Translation adjustments	—	(6,988)	(6,988)
Balance as of December 29, 2019	$ 170,657	$ 117,782	$ 288,439

The following table is a summary of the Company's gross goodwill balances and accumulated impairments as of the periods indicated:

	DECEMBER 29, 2019		DECEMBER 30, 2018		DECEMBER 31, 2017	
(dollars in thousands)	**GROSS CARRYING AMOUNT**	**ACCUMULATED IMPAIRMENTS**	**GROSS CARRYING AMOUNT**	**ACCUMULATED IMPAIRMENTS**	**GROSS CARRYING AMOUNT**	**ACCUMULATED IMPAIRMENTS**
U.S.	$ 838,827	$ (668,170)	$ 838,827	$ (668,170)	$ 838,937	$ (668,170)
International	235,692	(117,910)	242,680	(117,910)	257,377	(117,910)
Total goodwill	$ 1,074,519	$ (786,080)	$ 1,081,507	$ (786,080)	$ 1,096,314	$ (786,080)

The Company performs its annual assessment for impairment of goodwill and other indefinite-lived intangible assets each year during the second quarter. The Company's 2019 and 2017 assessments utilized a qualitative assessment and its 2018 assessment utilized a quantitative approach. As a result of these assessments, the Company did not record any goodwill asset impairment charges during the periods presented.

Intangible Assets, net - Intangible assets, net, consisted of the following as of the periods indicated:

		DECEMBER 29, 2019			DECEMBER 30, 2018		
(dollars in thousands)	**WEIGHTED AVERAGE AMORTIZATION PERIOD (IN YEARS)**	**GROSS CARRYING VALUE**	**ACCUMULATED AMORTIZATION**	**NET CARRYING VALUE**	**GROSS CARRYING VALUE**	**ACCUMULATED AMORTIZATION**	**NET CARRYING VALUE**
Trade names	Indefinite	$ 414,616		$ 414,616	$ 414,516		$ 414,516
Trademarks	9	81,381	$ (47,882)	33,499	81,381	$ (44,057)	37,324
Favorable leases	0	—	—	—	64,307	(41,447)	22,860
Franchise agreements	1	14,881	(14,356)	525	14,881	(13,212)	1,669
Reacquired franchise rights	11	42,390	(20,415)	21,975	46,446	(18,843)	27,603
Total intangible assets	9	$ 553,268	$ (82,653)	$ 470,615	$ 621,531	$ (117,559)	$ 503,972

The Company did not record any indefinite-lived intangible asset impairment charges during the periods presented.

Definite-lived intangible assets are amortized on a straight-line basis. The following table presents the aggregate expense related to the amortization of the Company's trademarks, favorable leases, franchise agreements and reacquired franchise rights for the periods indicated:

	FISCAL YEAR		
(dollars in thousands)	**2019**	**2018**	**2017**
Amortization expense (1)	$ 8,621	$ 13,377	$ 14,191

(1) Amortization expense is recorded in Depreciation and amortization for fiscal year 2019 and Depreciation and amortization and Other restaurant operating expense for fiscal years 2018 and 2017 in the Company's Consolidated Statements of Operations and Comprehensive Income.

The following table presents expected annual amortization of intangible assets as of December 29, 2019:

(dollars in thousands)	
2020	$ 7,213
2021	6,374
2022	6,304
2023	6,217
2024	6,046

11. Other Assets, Net

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

(dollars in thousands)	DECEMBER 29, 2019	DECEMBER 30, 2018
Company-owned life insurance	$ 60,126	$ 61,233
Deferred financing fees (1)	4,893	6,563
Liquor licenses	24,289	24,153
Other assets	27,802	29,024
	$ 117,110	$ 120,973

____
(1) Net of accumulated amortization of $6.8 million and $5.1 million as of December 29, 2019 and December 30, 2018, respectively.

12. Accrued and Other Current Liabilities

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

(dollars in thousands)	DECEMBER 29, 2019	DECEMBER 30, 2018
Accrued rent and current operating lease liabilities	$ 174,287	$ 2,850
Accrued payroll and other compensation	101,090	101,249
Accrued insurance	20,500	22,055
Other current liabilities	95,574	120,499
	$ 391,451	$ 246,653

13. Long-term Debt, Net

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

	DECEMBER 29, 2019		DECEMBER 30, 2018	
(dollars in thousands)	OUTSTANDING BALANCE	INTEREST RATE	OUTSTANDING BALANCE	INTEREST RATE
Senior Secured Credit Facility:				
Term loan A (1)	$ 450,000	3.40%	$ 475,000	4.14%
Revolving credit facility (1) (2)	599,000	3.44%	599,500	4.17%
Total Senior Secured Credit Facility	1,049,000		1,074,500	
Finance lease liabilities	2,308		3,297	
Financing obligations	—		19,562	7.58% to 7.82%
Other	50	2.18%	918	0.00% to 2.18%
Less: unamortized debt discount and issuance costs	(2,654)		(3,502)	
Total debt, net	1,048,704		1,094,775	
Less: current portion of long-term debt	(26,411)		(27,190)	
Long-term debt, net	$ 1,022,293		$ 1,067,585	

____
(1) Interest rate represents the weighted-average interest rate for the respective periods.
(2) Subsequent to December 29, 2019, the Company made payments of $65.0 million, net of borrowings, on its revolving credit facility.

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

Credit Agreement - On November 30, 2017, the Company and OSI, as co-borrowers, entered into a credit agreement (the "Credit Agreement") with a syndicate of institutional lenders, providing for senior secured financing of up to

$1.5 billion consisting of a $500.0 million Term loan A and a $1.0 billion revolving credit facility, including a letter of credit and swing line loan sub-facilities (the "Senior Secured Credit Facility"). The Senior Secured Credit Facility matures on November 30, 2022.

The Company may elect an interest rate for the Credit Agreement at each reset period based on the Alternate Base Rate or the Eurocurrency Rate. The Alternate Base Rate option is the highest of: (i) the prime rate of Wells Fargo Bank, National Association, (ii) the federal funds effective rate plus 0.5 of 1.0% or (iii) the Eurocurrency rate with a one-month interest period plus 1.0% (the "Base Rate"). The Eurocurrency Rate option is the seven, 30, 60, 90 or 180-day Eurocurrency rate ("Eurocurrency Rate"). The interest rates are as follows:

	BASE RATE ELECTION	EUROCURRENCY RATE ELECTION
Term loan A and revolving credit facility	50 to 100 basis points over Base Rate	150 to 200 basis points over the Eurocurrency Rate

Fees on letters of credit and the daily unused availability under the revolving credit facility as of December 29, 2019 were 1.88% and 0.30%, respectively. As of December 29, 2019, $20.2 million of the revolving credit facility was committed for the issuance of letters of credit and not available for borrowing.

The Senior Secured Credit Facility is guaranteed by each of the Company's current and future domestic subsidiaries and is secured by substantially all now owned or later acquired assets of the Company and OSI, including the Company's domestic subsidiaries.

Debt Covenants and Other Restrictions - Borrowings under the Company's debt agreements are subject to various covenants that limit its ability to: incur additional indebtedness; make significant payments; sell assets; pay dividends and other restricted payments; acquire certain assets; effect mergers and similar transactions; and effect certain other transactions with affiliates. The Senior Secured Credit Facility has a financial covenant to maintain a specified quarterly Total Net Leverage Ratio ("TNLR"). TNLR is the ratio of Consolidated Total Debt (Current portion of long-term debt and Long-term debt, net of cash) to Consolidated EBITDA (earnings before interest, taxes, depreciation and amortization and certain other adjustments as defined in the Credit Agreement). The TNLR may not exceed 4.50 to 1.00. The Company's TNLR as of December 29, 2019 does not limit the Company's ability to draw on its revolving credit facility.

The Senior Secured Credit Facility permits regular quarterly dividend payments, subject to certain restrictions.

As of December 29, 2019 and December 30, 2018, the Company was in compliance with its debt covenants.

Maturities - Following is a summary of principal payments of the Company's total consolidated debt outstanding:

(dollars in thousands)	DECEMBER 29, 2019
2020	$ 26,462
2021	38,399
2022	984,030
2023	—
2024	—
Thereafter	—
Total payments	$ 1,048,891
Less: finance lease interest	(187)
Total principal payments	$ 1,048,704

The following is a summary of required amortization payments for the Term loan A (dollars in thousands):

SCHEDULED QUARTERLY PAYMENT DATES	TERM LOAN A
March 29, 2020 through December 27, 2020	$ 6,250
March 28, 2021 through December 26, 2021	$ 9,375
March 27, 2022 through September 25, 2022	$ 12,500

The Senior Secured Credit Facility contains mandatory prepayment requirements for Term loan A. The Company is required to prepay outstanding amounts under these loans with 50% of its annual excess cash flow, as defined in the Credit Agreement. The amount of outstanding loans required to be prepaid in accordance with the debt covenants may vary based on the Company's leverage ratio and year end results.

14. Other Long-term Liabilities, Net

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

(dollars in thousands)	DECEMBER 29, 2019	DECEMBER 30, 2018
Accrued insurance liability	$ 33,818	$ 33,771
Unfavorable leases (1)	—	32,120
Chef and Restaurant Managing Partner deferred compensation obligations and deposits	47,831	64,766
Other long-term liabilities	56,411	60,876
	$ 138,060	$ 191,533

____

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

15. Stockholders' Equity

Share Repurchases - Following is a summary of the Company's share repurchase programs as of December 29, 2019 (dollars in thousands):

SHARE REPURCHASE PROGRAM	BOARD APPROVAL DATE	AUTHORIZED	REPURCHASED	CANCELED	REMAINING
2014	December 12, 2014	$ 100,000	$ 100,000	$ —	$ —
2015	August 3, 2015	$ 100,000	69,999	$ 30,001	$ —
2016	February 12, 2016	$ 250,000	139,892	$ 110,108	$ —
July 2016	July 26, 2016	$ 300,000	247,731	$ 52,269	$ —
2017	April 21, 2017	$ 250,000	195,000	$ 55,000	$ —
2018	February 16, 2018	$ 150,000	113,967	$ 36,033	$ —
2019	February 12, 2019	$ 150,000	106,992	$ —	$ 43,008
Total share repurchase programs			$ 973,581		

Following is a summary of the shares repurchased under the Company's share repurchase programs for the periods presented:

	NUMBER OF SHARES		AVERAGE REPURCHASE PRICE PER SHARE		AMOUNT	
(in thousands, except per share data)	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
First fiscal quarter	—	2,116	$ —	$ 24.10	$ —	$ 50,996
Second fiscal quarter	5,469	1,287	$ 19.56	$ 23.31	106,992	30,004
Third fiscal quarter	—	968	$ —	$ 18.57	—	17,968
Fourth fiscal quarter	—	691	$ —	$ 21.71	—	14,999
Total common stock repurchases	5,469	5,062	$ 19.56	$ 22.52	$ 106,992	$ 113,967

Dividends - The Company declared and paid dividends per share during the periods presented as follows:

	DIVIDENDS PER SHARE		AMOUNT	
(in thousands, except per share data)	**2019**	**2018**	**2019**	**2018**
First fiscal quarter	$ 0.10	$ 0.09	$ 9,140	$ 8,371
Second fiscal quarter	0.10	0.09	9,227	8,363
Third fiscal quarter	0.10	0.09	8,674	8,344
Fourth fiscal quarter	0.10	0.09	8,693	8,234
Total cash dividends declared and paid	$ 0.40	$ 0.36	$ 35,734	$ 33,312

In February 2020, the Company's Board of Directors declared a quarterly cash dividend of $0.20 per share, payable on March 13, 2020 to shareholders of record at the close of business on February 28, 2020.

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

(dollars in thousands)	**DECEMBER 29, 2019**	**DECEMBER 30, 2018**
Foreign currency translation adjustment	$ (152,031)	$ (135,149)
Unrealized loss on derivatives, net of tax	(17,745)	(7,606)
Accumulated other comprehensive loss	$ (169,776)	$ (142,755)

Following are the components of Other comprehensive (loss) income for the periods indicated:

	FISCAL YEAR		
(dollars in thousands)	**2019**	**2018**	**2017**
Bloomin' Brands:			
Foreign currency translation adjustment	$ (16,882)	$ (36,576)	$ 8,936
Unrealized (loss) gain on derivatives, net of tax (1)	$ (11,944)	$ (7,100)	$ 627
Reclassification of adjustments for loss on derivatives included in Net income, net of tax (2)	1,805	120	2,381
Total unrealized (loss) gain on derivatives, net of tax	$ (10,139)	$ (6,980)	$ 3,008
Other comprehensive (loss) income attributable to Bloomin' Brands	$ (27,021)	$ (43,556)	$ 11,944

____
(1) Unrealized (loss) gain on derivatives is net of tax of $(4.1) million, $(2.5) million and $0.5 million for 2019, 2018 and 2017, respectively.
(2) Reclassifications of adjustments for loss on derivatives are net of tax. See Note 16 - *Derivative Instruments and Hedging Activities* for discussion of the tax impact of reclassifications.

16. Derivative Instruments and Hedging Activities

Interest Rate Risk - The Company manages economic risks, including interest rate variability, primarily by managing the amount, sources and duration of its debt funding and through the use of derivative financial instruments. The Company's objectives in using interest rate derivatives are to manage its exposure to interest rate movements. To accomplish this objective, the Company uses interest rate swaps.

DESIGNATED HEDGES

Cash Flow Hedges of Interest Rate Risk - On September 9, 2014, the Company entered into variable-to-fixed interest rate swap agreements with eight counterparties to hedge a portion of the cash flows of the Company's variable rate debt (the "2014 Swap Agreements"). The 2014 Swap Agreements had an aggregate notional amount of $400.0 million and matured on May 16, 2019. Under the terms of the 2014 Swap Agreements, the Company paid a weighted-average fixed rate of 2.02% on the notional amount and received payments from the counterparties based on the 30-day LIBOR rate.

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 "2018 Swap Agreements"). The 2018 Swap Agreements have an aggregate notional amount of $550.0 million, a start date of May 16, 2019 (the maturity date of the 2014 Swap Agreements), and mature on November 30, 2022. Under the terms of the 2018 Swap Agreements, the Company pays a weighted-average fixed rate of 3.04% on the notional amount and receives payments from the counterparties 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 $7.9 million will be reclassified to interest expense over the next 12 months related to the 2018 Swap Agreements.

The following table presents the fair value of the Company's interest rate swaps as well as their classification on the Company's Consolidated Balance Sheets as of the periods indicated:

(dollars in thousands)	DECEMBER 29, 2019	DECEMBER 30, 2018	CONSOLIDATED BALANCE SHEET CLASSIFICATION
Interest rate swaps - asset (1)	$ —	$ 765	Other current assets, net
Interest rate swaps - liability	$ 7,174	$ 1,393	Accrued and other current liabilities
Interest rate swaps - liability	16,835	9,723	Other long-term liabilities, net
Total fair value of derivative instruments - liabilities (1)	$ 24,009	$ 11,116	
Interest receivable	$ —	$ 112	Other current assets, net
Accrued interest	$ 632	$ —	Accrued and other current liabilities

(1) See Note 18 - *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:

	FISCAL YEAR		
(dollars in thousands)	2019	2018	2017
Interest rate swap expense recognized in Interest expense, net	$ (2,436)	$ (161)	$ (3,908)
Income tax benefit recognized in Provision (benefit) for income taxes	631	41	1,527
Total effects of the interest rate swaps on Net income	$ (1,805)	$ (120)	$ (2,381)

The Company records its derivatives on its Consolidated Balance Sheets on a gross balance basis. The Company's interest rate swaps are subject to master netting arrangements. As of December 29, 2019, the Company did not have more than one derivative between the same counterparties and as such, there was no netting.

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 December 29, 2019 and December 30, 2018, 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 December 29, 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 $24.8 million and $10.5 million, respectively. As of December 29, 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 December 29, 2019 and December 30, 2018, it could have been required to settle its obligations under the agreements at their termination value of $24.8 million and $10.5 million, respectively.

17. Leases

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	DECEMBER 29, 2019
Operating lease right-of-use assets	Operating lease right-of-use assets	$ 1,266,548
Finance lease right-of-use assets (1)	Property, fixtures and equipment, net	2,036
Total lease assets, net		$ 1,268,584
Current operating lease liabilities (2)	Accrued and other current liabilities	$ 171,866
Current finance lease liabilities	Current portion of long-term debt	1,361
Non-current operating lease liabilities	Non-current operating lease liabilities	1,279,051
Non-current finance lease liabilities	Long-term debt, net	947
Total lease liabilities		$ 1,453,225

(1) Net of accumulated amortization of $1.3 million.
(2) Excludes accrued contingent percentage rent.

Following is a summary of expenses and income related to leases recognized in the Company's Consolidated Statement of Operations and Comprehensive Income for the period indicated:

(dollars in thousands)	CONSOLIDATED INCOME STATEMENT CLASSIFICATION	FISCAL YEAR 2019
Operating leases (1)	Other restaurant operating	$ 181,397
Variable lease cost	Other restaurant operating	3,504
Finance leases		
Amortization of leased assets	Depreciation and amortization	1,400
Interest on lease liabilities	Interest expense, net	264
Sublease revenue (2)	Franchise and other revenues	(6,542)
Lease costs, net (3)		$ 180,023

(1) Excludes rent expense for office facilities and Company-owned closed or subleased properties for 2019 of $14.6 million, which is included in General and administrative expense and certain supply chain related rent expenses of $1.3 million, which is included in Cost of sales.
(2) Excludes rental income from Company-owned properties for the fiscal year ended December 29, 2019 of $2.2 million.
(3) During 2018 and 2017, the Company recorded rent expense of $185.4 million and $188.2 million, including variable rent expense of $4.5 million and $4.3 million, and sublease revenue of $5.6 million and $4.5 million, respectively.

As of December 29, 2019, future minimum lease payments and sublease revenues under non-cancelable leases are as follows:

(dollars in thousands)	OPERATING LEASES	FINANCE LEASES	SUBLEASE REVENUES
2020 (1)	$ 179,168	$ 1,412	$ (6,191)
2021	193,102	898	(6,232)
2022	188,752	185	(6,131)
2023	185,238	—	(6,012)
2024	179,673	—	(5,856)
Thereafter	1,717,709	—	(63,512)
Total minimum lease payments (receipts) (2)	$ 2,643,642	$ 2,495	$ (93,934)
Less: Interest	(1,192,725)	(187)	
Present value of future lease payments	$ 1,450,917	$ 2,308	

(1) Net of operating lease prepaid rent of $14.7 million.
(2) Includes $1.0 billion related to lease renewal options that are reasonably certain of exercise and excludes $111.9 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:

	DECEMBER 29, 2019
Weighted-average remaining lease term (1):	
Operating leases	14.5 years
Finance leases	1.8 years
Weighted-average discount rate (2):	
Operating leases	8.52%
Finance leases	9.01%

(1) Includes lease renewal options that are reasonably certain of exercise.
(2) Based on the Company's incremental borrowing rate at lease commencement.

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)	FISCAL YEAR 2019
Cash flows from operating activities:	
Cash paid for amounts included in the measurement of operating lease liabilities	$ 191,855

Properties Leased to Third Parties - The Company leases certain owned 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)	DECEMBER 29, 2019
Land	$ 9,885
Buildings	$ 12,823
Less: accumulated depreciation	(6,400)
Buildings, net	$ 6,423

Sale-leaseback Transactions - The following is a summary of sale-leaseback transactions with third-parties for the periods indicated:

(dollars in thousands)	FISCAL YEAR 2019	2018	2017
Gross proceeds from sale-leaseback transactions	$ 7,337	$ 17,294	$ 108,010
Number of restaurant properties sold and leased back	2	6	31

18. Fair Value Measurements

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:

	DECEMBER 29, 2019			DECEMBER 30, 2018		
(dollars in thousands)	TOTAL	LEVEL 1	LEVEL 2	TOTAL	LEVEL 1	LEVEL 2
Assets:						
Cash equivalents:						
Fixed income funds	$ 1,037	$ 1,037	$ —	$ 627	$ 627	$ —
Money market funds	12,752	12,752	—	17,827	17,827	—
Other current assets, net:						
Derivative instruments - interest rate swaps	—	—	—	765	—	765
Total asset recurring fair value measurements	$ 13,789	$ 13,789	$ —	$ 19,219	$ 18,454	$ 765
Liabilities:						
Accrued and other current liabilities:						
Derivative instruments - interest rate swaps	$ 7,174	$ —	$ 7,174	$ 1,393	$ —	$ 1,393
Other long-term liabilities:						
Derivative instruments - interest rate swaps	16,835	—	16,835	9,723	—	9,723
Total liability recurring fair value measurements	$ 24,009	$ —	$ 24,009	$ 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 December 29, 2019 and December 30, 2018, the Company has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives.

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. Carrying value after impairment approximates 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:

	2019		2018		2017	
(dollars in thousands)	CARRYING VALUE	TOTAL IMPAIRMENT	CARRYING VALUE	TOTAL IMPAIRMENT	CARRYING VALUE	TOTAL IMPAIRMENT
Assets held for sale (1)	$ 2,049	$ 315	$ 8,590	$ 5,276	$ 870	$ 467
Operating lease right-of-use assets (2)	6,597	4,284	—	—	—	—
Property, fixtures and equipment (3)	3,915	4,535	6,464	21,523	19,222	23,539
Other (4)	—	—	—	—	—	1,444
	$ 12,561	$ 9,134	$ 15,054	$ 26,799	$ 20,092	$ 25,450

(1) All assets are measured using third-party market appraisals or executed sales contracts (Level 2). Refer to Note 4 - *Disposals* for discussion of impairments related to Carrabba’s Italian Grill in 2018.

(2) Carrying values for Operating lease right-of-use assets measured using Level 3 inputs to estimate fair value totaled $6.4 million for 2019. Third-party market appraisals (Level 2) and discounted cash flow models (Level 3) were used to estimate the fair value.

(3) Carrying values for Property, fixtures and equipment measured using Level 3 inputs to estimate fair value totaled $1.6 million and $1.9 million for 2019 and 2018, respectively. Carrying values for Property, fixtures and equipment measured using level 2 inputs to estimate fair value totaled $2.3 million, $4.6 million and $19.2 million for 2019, 2018 and 2017, respectively. Third-party market appraisals (Level 2) and discounted cash flow models (Level 3) were used to estimate the fair value. Refer to Note 5 - *Impairments and Exit Costs* for a more detailed discussion of impairments.

(4) Other primarily includes goodwill related to the Company’s China subsidiary within the international segment in 2017. All assets measured using market appraisals (Level 2) to estimate the fair value.

Fair Value of Financial Instruments - The Company’s non-derivative financial instruments as of December 29, 2019 and December 30, 2018 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 on 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:

	DECEMBER 29, 2019		DECEMBER 30, 2018	
(dollars in thousands)	CARRYING VALUE	FAIR VALUE LEVEL 2	CARRYING VALUE	FAIR VALUE LEVEL 2
Senior Secured Credit Facility:				
Term loan A	$ 450,000	$ 450,563	$ 475,000	$ 464,906
Revolving credit facility	$ 599,000	$ 599,000	$ 599,500	$ 590,508

19. Income Taxes

The following table presents the domestic and foreign components of Income before provision (benefit) for income taxes for the periods indicated:

	FISCAL YEAR		
(dollars in thousands)	**2019**	**2018**	**2017**
Domestic	$ 129,826	$ 109,965	$ 112,226
Foreign	11,864	(9,660)	(1,089)
	$ 141,690	$ 100,305	$ 111,137

Provision (benefit) for income taxes consisted of the following for the periods indicated:

	FISCAL YEAR		
(dollars in thousands)	**2019**	**2018**	**2017**
Current provision:			
Federal	$ 13,265	$ 11,089	$ 18,384
State	9,696	6,763	8,155
Foreign	10,502	2,405	9,041
	33,463	20,257	35,580
Deferred (benefit) provision:			
Federal	(21,407)	(28,772)	(24,248)
State	(1,986)	(1,335)	(3,850)
Foreign	(2,497)	617	47
	(25,890)	(29,490)	(28,051)
Provision (benefit) for income taxes	$ 7,573	$ (9,233)	$ 7,529

Effective Income Tax Rate - The reconciliation of income taxes calculated at the United States federal tax statutory rate to the Company's effective income tax rate is as follows for the periods indicated:

	FISCAL YEAR		
	2019	**2018**	**2017**
Income taxes at federal statutory rate	21.0 %	21.0 %	35.0 %
State and local income taxes, net of federal benefit	4.4	5.5	2.2
Employment-related credits, net	(24.7)	(34.6)	(27.2)
Net changes in deferred tax valuation allowances	(1.6)	3.9	3.3
Net life insurance (benefit) expense	(0.7)	0.6	(0.7)
Enhanced charitable contributions deduction	(0.6)	(1.3)	(1.7)
Noncontrolling interests	(0.6)	(0.9)	(1.4)
Excess tax benefits from stock-based compensation arrangements	(0.3)	(7.1)	(2.2)
Nondeductible expenses	3.9	5.0	3.6
Foreign tax rate differential	3.2	(0.7)	1.7
Domestic manufacturing deduction	—	(0.3)	(4.6)
Cumulative effect of the Tax Act	—	0.2	(3.3)
Other, net	1.3	(0.5)	2.1
Total	5.3 %	(9.2)%	6.8 %

The net increase in the effective income tax rate in 2019 as compared to 2018 was primarily due to employment-related credits being a lower percentage of net income in 2019, excess tax benefits from equity-based compensation arrangements recorded in 2018 and an increase in the foreign tax rate differential in 2019. These increases were partially offset by a decrease in valuation allowances recorded against deferred income tax assets in 2019.

The net decrease in the effective income tax rate in 2018 as compared to 2017 was primarily due to the reduction in the U.S. federal corporate tax rate from 35% to 21% as part of the Tax Cuts and Jobs Act (the "Tax Act"). The remaining decrease was primarily due to employment-related credits being a higher percentage of net income in 2018 and excess tax benefits from equity-based compensation arrangements recorded in 2018. These decreases were partially offset by the domestic manufacturing deduction and the cumulative effect of the Tax Act recorded in 2017.

Deferred Tax Assets and Liabilities - The income tax effects of temporary differences that give rise to significant portions of deferred income tax assets and liabilities are as follows as of the periods indicated:

(dollars in thousands)	DECEMBER 29, 2019	DECEMBER 30, 2018
Deferred income tax assets:		
Operating lease liabilities	$ 378,518	$ —
Deferred rent	—	42,550
Insurance reserves	13,722	14,232
Unearned revenue	22,230	12,590
Deferred compensation	27,222	30,864
Net operating loss carryforwards	9,876	10,279
Federal tax credit carryforwards	115,273	99,591
Partner deposits and accrued partner obligations	4,449	4,389
Other, net	13,706	17,885
Gross deferred income tax assets	584,996	232,380
Less: valuation allowance	(14,922)	(17,535)
Net deferred income tax assets	570,074	214,845
Deferred income tax liabilities:		
Less: operating lease right-of-use asset basis differences	(326,166)	—
Less: property, fixtures and equipment basis differences	(65,404)	(19,445)
Less: intangible asset basis differences	(118,855)	(117,200)
Net deferred income tax assets	$ 59,649	$ 78,200

The net change in deferred tax valuation allowance in 2019 was primarily attributable to changes in tax rates and the expiration of net operating loss carryforwards in certain foreign jurisdictions with full valuation allowances recorded. These decreases were partially offset by an increase in the valuation allowances in certain foreign jurisdictions where the realization of deferred tax assets does not meet the more likely than not to be realized threshold.

Undistributed Earnings - As of December 29, 2019, the Company had aggregate accumulated foreign earnings of approximately $84.4 million. This amount consisted primarily of historical earnings from 2017 and prior that were previously taxed in the U.S. under the Tax Act and post-2017 foreign earnings, which the Company may repatriate to the U.S. without additional material U.S. federal income taxes. These amounts are no longer considered indefinitely reinvested in the Company's foreign subsidiaries.

As of December 29, 2019, the Company maintained a deferred tax liability for state income taxes on historical earnings of $0.2 million. The Company has not recorded a deferred tax liability on the financial statement carrying amount over the tax basis of its investments in foreign subsidiaries because the Company continues to assert that it is indefinitely reinvested in its underlying investments in foreign subsidiaries. The determination of any unrecorded deferred tax liability on this amount in not practicable due to the uncertainty of how these investments would be recovered.

Tax Carryforwards - The amount and expiration dates of tax loss carryforwards and credit carryforwards as of December 29, 2019 are as follows:

(dollars in thousands)	EXPIRATION DATE	AMOUNT
Federal tax credit carryforwards	2026 - 2039	$ 131,201
Foreign loss carryforwards	2020 - Indefinite	$ 41,406
Foreign tax credit carryforwards	Indefinite	$ 809

As of December 29, 2019, the Company had $128.6 million in general business tax credit carryforwards, which have a 20-year carryforward period and are utilized on a first-in, first-out basis. The Company currently expects to utilize all of these tax credit carryforwards within a four to six year period. However, the Company's ability to utilize these tax credits could be adversely impacted by, among other items, a future "ownership change" as defined under Section 382 of the Internal Revenue Code.

The Company anticipates generating additional business tax credits in future years. The amount of business tax credits expected to be generated in 2020 is approximately $40 million to $45 million.

Unrecognized Tax Benefits - As of December 29, 2019 and December 30, 2018, the liability for unrecognized tax benefits was $27.2 million and $25.2 million, respectively. Of the total amount of unrecognized tax benefits, including accrued interest and penalties, $27.0 million and $25.0 million, respectively, if recognized, would impact the Company's effective tax rate.

The following table summarizes the activity related to the Company's unrecognized tax benefits for the periods indicated:

	FISCAL YEAR		
(dollars in thousands)	2019	2018	2017
Balance as of beginning of year	$ 25,190	$ 23,663	$ 19,583
Additions for tax positions taken during a prior period	869	2,461	4,149
Reductions for tax positions taken during a prior period	(255)	(826)	(1,009)
Additions for tax positions taken during the current period	2,237	2,017	1,822
Settlements with taxing authorities	(44)	(682)	—
Lapses in the applicable statutes of limitations	(749)	(1,390)	(945)
Translation adjustments	(47)	(53)	63
Balance as of end of year	$ 27,201	$ 25,190	$ 23,663

The Company had approximately $1.9 million and $1.5 million accrued for the payment of interest and penalties as of December 29, 2019 and December 30, 2018, respectively. The Company recognized immaterial interest and penalties related to uncertain tax positions in the Provision (benefit) for income taxes, for all periods presented.

In many cases, the Company's uncertain tax positions are related to tax years that remain subject to examination by relevant taxable authorities. Based on the outcome of these examinations, or a result of the expiration of the statute of limitations for specific jurisdictions, it is reasonably possible that the related recorded unrecognized tax benefits for tax positions taken on previously filed tax returns will change by approximately $2.0 million to $3.0 million within the next twelve months.

Open Tax Years - Following is a summary of the open audit years by jurisdiction as of December 29, 2019:

	OPEN AUDIT YEARS
United States - federal	2007 - 2018
United States - state	2001 - 2018
Foreign	2013 - 2018

20. Commitments and Contingencies

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 December 29, 2019, the undiscounted payments the Company could be required to make in the event of non-payment by the primary lessees was approximately $31.2 million. The present value of these potential payments discounted at the Company's incremental borrowing rate as of December 29, 2019 was approximately $24.7 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. As of December 29, 2019, the Company recorded a contingent lease liability of $0.8 million.

Purchase Obligations - Purchase obligations were $312.0 million and $364.3 million as of December 29, 2019 and December 30, 2018, respectively. These purchase obligations are primarily due within five years, however, commitments with various vendors extend through January 2028. Outstanding commitments consist primarily of food and beverage products related to normal business operations, advertising, restaurant-level service contracts and technology. In 2019, the Company purchased approximately 95% of its U.S. beef raw materials from four beef suppliers that represent more than 80% of the total beef marketplace in the U.S.

Litigation and Other Matters - In relation to various legal matters, the Company had $3.0 million and $2.8 million of liability recorded as of December 29, 2019 and December 30, 2018, respectively. During 2019, 2018 and 2017, the Company recognized $1.3 million, $1.6 million and $1.2 million, respectively, in Other restaurant operating expense in the Company's Consolidated Statements of Operations and Comprehensive Income for certain legal settlements.

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.

Insurance - As of December 29, 2019, the future undiscounted payments the Company expects for workers' compensation, general liability and health insurance claims are:

(dollars in thousands)		
2020	$	20,468
2021		11,316
2022		7,341
2023		4,216
2024		2,392
Thereafter		11,220
	$	56,953

The following is a reconciliation of the expected aggregate undiscounted reserves to the discounted reserves for insurance claims recognized on the Company's Consolidated Balance Sheets as of the periods indicated:

(dollars in thousands)	DECEMBER 29, 2019	DECEMBER 30, 2018
Undiscounted reserves	$ 56,953	$ 60,473
Discount (1)	(2,635)	(4,647)
Discounted reserves	$ 54,318	$ 55,826
Discounted reserves recognized in the Company's Consolidated Balance Sheets:		
Accrued and other current liabilities	$ 20,500	$ 22,055
Other long-term liabilities, net	33,818	33,771
	$ 54,318	$ 55,826

(1) Discount rates of 1.61% and 2.77% were used for December 29, 2019 and December 30, 2018, respectively.

21. 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, whom the Company has determined to be its Chief Operating Decision Maker. 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 as of December 29, 2019:

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

(1) Includes franchise locations.

Segment accounting policies are the same as those described in Note 2 - *Summary of Significant Accounting Policies*. 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 revenues by segment, for the periods indicated:

	FISCAL YEAR		
(dollars in thousands)	2019	2018	2017
Total revenues			
U.S.	$ 3,687,918	$ 3,687,239	$ 3,760,867
International	451,471	439,174	462,269
Total revenues	$ 4,139,389	$ 4,126,413	$ 4,223,136

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

	FISCAL YEAR		
(dollars in thousands)	2019	2018	2017
Segment income from operations			
U.S.	$ 311,666	$ 288,959	$ 289,971
International	44,428	22,001	28,798
Total segment income from operations	356,094	310,960	318,769
Unallocated corporate operating expense	(165,004)	(165,707)	(180,083)
Total income from operations	191,090	145,253	138,686
Loss on extinguishment and modification of debt	—	—	(1,069)
Other (expense) income, net	(143)	(11)	14,912
Interest expense, net	(49,257)	(44,937)	(41,392)
Income before provision (benefit) for income taxes	$ 141,690	$ 100,305	$ 111,137

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

	FISCAL YEAR		
(dollars in thousands)	2019	2018	2017
Depreciation and amortization			
U.S.	$ 152,881	$ 158,307	$ 149,976
International	27,491	26,304	27,796
Corporate	16,439	16,982	14,510
Total depreciation and amortization	$ 196,811	$ 201,593	$ 192,282

The following table is a summary of capital expenditures by segment for the periods indicated:

	FISCAL YEAR		
(dollars in thousands)	2019	2018	2017
Capital expenditures			
U.S.	$ 121,646	$ 162,207	$ 209,260
International	28,496	36,962	33,302
Corporate	8,885	11,754	13,280
Total capital expenditures	$ 159,027	$ 210,923	$ 255,842

The following table sets forth Total assets by segment as of the periods indicated:

(dollars in thousands)	DECEMBER 29, 2019	DECEMBER 30, 2018
Assets		
U.S.	$ 2,941,831	$ 1,841,482
International	462,308	401,557
Corporate	188,544	221,735
Total assets	$ 3,592,683	$ 2,464,774

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 goodwill, operating lease right-of-use assets, intangible assets and deferred tax assets, by major geographic area as of the periods indicated:

(dollars in thousands)	DECEMBER 29, 2019	DECEMBER 30, 2018
U.S.	$ 1,023,146	$ 1,107,679
International		
Brazil	113,795	115,560
Other	16,246	13,663
Total assets	$ 1,153,187	$ 1,236,902

International revenues are defined as revenues generated from restaurant sales originating in a country other than the U.S. The following table details Total revenues by major geographic area for the periods indicated:

	FISCAL YEAR		
(dollars in thousands)	2019	2018	2017
U.S.	$ 3,687,918	$ 3,687,239	$ 3,760,867
International			
Brazil	393,700	376,317	410,249
Other	57,771	62,857	52,020
Total revenues	$ 4,139,389	$ 4,126,413	$ 4,223,136

22. Selected Quarterly Financial Data (Unaudited)

2019 FISCAL QUARTERS (dollars in thousands, except per share data)	FIRST (1)	SECOND (1)	THIRD (1)	FOURTH (1)
Total revenues	$ 1,128,131	$ 1,021,930	$ 967,144	$ 1,022,184
Income from operations	82,494	43,460	21,958	43,178
Net income	65,649	29,809	9,373	29,286
Net income attributable to Bloomin' Brands	64,300	29,021	9,248	28,004
Earnings per share:				
Basic	$ 0.70	$ 0.32	$ 0.11	$ 0.32
Diluted	$ 0.69	$ 0.32	$ 0.11	$ 0.32

2018 FISCAL QUARTERS (dollars in thousands, except per share data)	FIRST (2)	SECOND (2)	THIRD (2)	FOURTH (2)
Total revenues	$ 1,116,465	$ 1,031,814	$ 965,021	$ 1,013,113
Income from operations	78,371	32,924	12,537	21,421
Net income	66,137	26,723	4,253	12,425
Net income attributable to Bloomin' Brands	65,398	26,721	4,072	10,907
Earnings per share:				
Basic	$ 0.71	$ 0.29	$ 0.04	$ 0.12
Diluted	$ 0.68	$ 0.28	$ 0.04	$ 0.12

(1) Income from operations in the first, second, third and fourth quarters include expense of $6.0 million, $3.7 million, $3.9 million and $4.0 million, respectively, for impairments, closing costs and severance related to certain restructuring activities and the relocation of certain restaurants. Income from operations in the third and fourth quarters also include $3.8 million of gains related to the sale of certain surplus properties and $6.0 million of benefit from the recognition of certain value-added tax credits in Brazil, respectively.

(2) Income from operations in the first, second, third and fourth quarters include expense of $4.5 million, $9.5 million, $6.9 million and $21.8 million, respectively, for impairments, closing costs and severance related to certain restructuring activities and the relocation of certain restaurants.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. 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, as amended, 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 December 29, 2019.

Management's Annual Report on Internal Control over Financial Reporting

Management's report on our internal control over financial reporting and the attestation report of PricewaterhouseCoopers LLP, our independent registered certified public accounting firm, on our internal control over financial reporting are included in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during our most recent quarter ended December 29, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item relating to our directors and nominees will be included under the captions "Proposal No. 1: Election of Directors—Nominees for Election at this Annual Meeting" and "—Directors Continuing in Office" in our definitive Proxy Statement for the 2020 Annual Meeting of Stockholders ("Definitive Proxy Statement") and is incorporated herein by reference.

The information required by this item relating to our executive officers is included under the caption "Information About Our Executive Officers" in Part I of this Report on Form 10-K.

The information required by this item regarding compliance with Section 16(a) of the Securities Act of 1934 will be included under the caption "Ownership of Securities—Delinquent Section 16(a) Reports" in our Definitive Proxy Statement and is incorporated herein by reference.

We have adopted a Business Conduct and Code of Ethics that applies to all employees. A copy of our Business Conduct and Code of Ethics is available on our website, free of charge. The Internet address for our website is www.bloominbrands.com, and the Business Conduct and Code of Ethics may be found on our main webpage by clicking first on "Investors" and then on "Governance—Governance Documents" and next on "Code of Business Conduct and Ethics."

We intend to satisfy any disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of this code of ethics by posting such information on our website, on the webpage found by clicking through to "Code of Business Conduct and Ethics" as specified above.

The information required by this item regarding our Audit Committee will be included under the caption "Proposal No. 1: Election of Directors—Board Committees and Meetings" in our Definitive Proxy Statement and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this item will be included under the captions "Proposal No. 1: Election of Directors—Director Compensation" and "Executive Compensation and Related Information" in our Definitive Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be included under the caption "Ownership of Securities" in our Definitive Proxy Statement and is incorporated herein by reference.

The information relating to securities authorized for issuance under equity compensation plans is included under the caption "Securities Authorized for Issuance Under Equity Compensation Plans" in Item 5 of this Report on Form 10-K.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item relating to transactions with related persons will be included under the caption "Certain Relationships and Related Party Transactions," and the information required by this item relating to director independence will be included under the caption "Proposal No. 1: Election of Directors—Independent Directors," in each case in our Definitive Proxy Statement, and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this item will be included under the captions "Proposal No. 2: Ratification of Independent Registered Certified Public Accounting Firm—Principal Accountant Fees and Services" and "—Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditor" in our Definitive Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a)(1) LISTING OF FINANCIAL STATEMENTS

The following consolidated financial statements of the Company and subsidiaries are included in Item 8 of this Report:

- Consolidated Balance Sheets – December 29, 2019 and December 30, 2018
- Consolidated Statements of Operations and Comprehensive Income – Fiscal years 2019, 2018, and 2017
- Consolidated Statements of Changes in Stockholders' Equity – Fiscal years 2019, 2018, and 2017
- Consolidated Statements of Cash Flows – Fiscal years 2019, 2018, and 2017
- Notes to Consolidated Financial Statements

(a)(2) FINANCIAL STATEMENT SCHEDULES

All financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto included in this Report.

(a)(3) EXHIBITS

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS	FILINGS REFERENCED FOR INCORPORATION BY REFERENCE
3.1	Second Amended and Restated Certificate of Incorporation of Bloomin' Brands, Inc.	Registration Statement on Form S-8, File No. 333-183270, filed on August 13, 2012, Exhibit 4.1
3.2	Third Amended and Restated Bylaws of Bloomin' Brands, Inc.	December 7, 2018 Form 8-K, Exhibit 3.1
4.1	Form of Common Stock Certificate	Amendment No. 4 to Registration Statement on Form S-1, File No. 333-180615, filed on July 18, 2012, Exhibit 4.1
4.2	Description of Common Stock	Filed herewith
10.1	Credit Agreement dated as of November 30, 2017, among Bloomin' Brands, Inc., OSI Restaurant Partners, LLC, the lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent	December 31, 2017 Form 10-K, Exhibit 10.38
10.2	Royalty Agreement dated April 1995 among Carrabba's Italian Grill, Inc., Outback Steakhouse, Inc., Mangia Beve, Inc., Carrabba, Inc., Carrabba Woodway, Inc., John C. Carrabba, III, Damian C. Mandola, and John C. Carrabba, Jr., as amended by First Amendment to Royalty Agreement dated January 1997 and Second Amendment to Royalty Agreement made and entered into effective April 7, 2010 by and among Carrabba's Italian Grill, LLC, OSI Restaurant Partners, LLC, Mangia Beve, Inc., Mangia Beve II, Inc., Original, Inc., Voss, Inc., John C. Carrabba, III, Damian C. Mandola, and John C. Carrabba, Jr.	Registration Statement on Form S-1, File No. 333-180615, filed on April 6, 2012, Exhibit 10.6
10.3	Third Amendment to Royalty Agreement made and entered into effective June 1, 2014, by and among Carrabba's Italian Grill, LLC, OSI Restaurant Partners, LLC, Mangia Beve, Inc., Mangia Beve II, Inc., Original, Inc., Voss, Inc., John C. Carrabba, III, Damian C. Mandola, and John C. Carrabba, Jr.	June 29, 2014 Form 10-Q, Exhibit 10.6

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS	FILINGS REFERENCED FOR INCORPORATION BY REFERENCE
10.4	Fourth Amendment to Royalty Agreement made and entered into effective May 1, 2017, by and among Carrabba's Italian Grill, LLC, OSI Restaurant Partners, LLC, Mangia Beve, Inc., Mangia Beve II, Inc., Original, Inc., Voss, Inc., John C. Carrabba, III, Damian C. Mandola, and John C. Carrabba, Jr.	June 25, 2017 Form 10-Q, Exhibit 10.1
10.5	Amended and Restated Operating Agreement for OSI/Fleming's, LLC made as of June 4, 2010 by and among OS Prime, LLC, a wholly-owned subsidiary of OSI Restaurant Partners, LLC, FPSH Limited Partnership and AWA III Steakhouses, Inc.	Registration Statement on Form S-1, File No. 333-180615, filed on April 6, 2012, Exhibit 10.8
10.6	Lease, dated January 21, 2014, between OS Southern, LLC and MVP LRS, LLC	December 31, 2013 Form 10-K, Exhibit 10.28
10.7*	OSI Restaurant Partners, LLC HCE Deferred Compensation Plan effective October 1, 2007	Registration Statement on Form S-1, File No. 333-180615, filed on April 6, 2012, Exhibit 10.46
10.8*	Kangaroo Holdings, Inc. 2007 Equity Incentive Plan, as amended	Registration Statement on Form S-1, File No. 333-180615, filed on April 6, 2012, Exhibit 10.1
10.9*	Form of Option Agreement for Options under the Kangaroo Holdings, Inc. 2007 Equity Incentive Plan	Registration Statement on Form S-1, File No. 333-180615, filed on April 6, 2012, Exhibit 10.42
10.10*	Bloomin' Brands, Inc. 2012 Incentive Award Plan	Amendment No. 4 to Registration Statement on Form S-1, File No. 333-180615, filed on July 18, 2012, Exhibit 10.2
10.11*	Form of Nonqualified Stock Option Award Agreement for options granted under the Bloomin' Brands, Inc. 2012 Incentive Award Plan	December 7, 2012 Form 8-K, Exhibit 10.2
10.12*	Form of Restricted Stock Award Agreement for restricted stock granted to directors under the Bloomin' Brands, Inc. 2012 Incentive Award Plan	December 7, 2012 Form 8-K, Exhibit 10.3
10.13*	Form of Restricted Stock Award Agreement for restricted stock granted to employees and consultants under the Bloomin' Brands, Inc. 2012 Incentive Award Plan	December 7, 2012 Form 8-K, Exhibit 10.4
10.14*	Form of Restricted Stock Unit Award Agreement for restricted stock granted to directors under the Bloomin' Brands, Inc. 2012 Incentive Award Plan	September 30, 2013 Form 10-Q, Exhibit 10.1
10.15*	Form of Restricted Stock Unit Award Agreement for restricted stock granted to employees and consultants under the Bloomin' Brands, Inc. 2012 Incentive Award Plan	September 30, 2013 Form 10-Q, Exhibit 10.2
10.16*	Form of Performance Unit Award Agreement for performance units granted under the Bloomin' Brands, Inc. 2012 Incentive Award Plan	December 7, 2012 Form 8-K, Exhibit 10.5
10.17*	Form of Bloomin' Brands, Inc. Indemnification Agreement by and between Bloomin' Brands, Inc. and each member of its Board of Directors and each of its executive officers	Amendment No. 4 to Registration Statement on Form S-1, File No. 333-180615, filed on July 18, 2012, Exhibit 10.39
10.18*	Bloomin' Brands, Inc. 2016 Omnibus Incentive Compensation Plan	March 11, 2016 Definitive Proxy Statement

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS	FILINGS REFERENCED FOR INCORPORATION BY REFERENCE
10.19*	Form of Nonqualified Stock Option Award Agreement for options granted to executive management under the Bloomin' Brands, Inc. 2016 Omnibus Incentive Compensation Plan	June 26, 2016 Form 10-Q, Exhibit 10.2
10.20*	Form of Restricted Stock Unit Award Agreement for restricted stock granted to directors under the Bloomin' Brands, Inc. 2016 Omnibus Incentive Compensation Plan	June 26, 2016 Form 10-Q, Exhibit 10.3
10.21*	Form of Restricted Stock Unit Award Agreement for restricted stock granted to executive management under the Bloomin' Brands, Inc. 2016 Omnibus Incentive Compensation Plan	June 26, 2016 Form 10-Q, Exhibit 10.4
10.22*	Form of Performance Award Agreement for performance units granted under the Bloomin' Brands, Inc. 2016 Omnibus Incentive Compensation Plan	June 26, 2016 Form 10-Q, Exhibit 10.5
10.23*	Form of Restricted Cash Award Agreement for cash awards granted under the Bloomin' Brands, Inc. 2016 Omnibus Incentive Compensation Plan	March 26, 2017 Form 10-Q, Exhibit 10.1
10.24*	Bloomin' Brands, Inc. Executive Change in Control Plan, effective December 6, 2012	December 7, 2012 Form 8-K, Exhibit 10.1
10.25*	Option Agreement, dated July 1, 2011, by and between Kangaroo Holdings, Inc. and Elizabeth A. Smith	Registration Statement on Form S-1, File No. 333-180615, filed on April 6, 2012, Exhibit 10.41
10.26*	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
10.27*	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
10.28*	Amended and Restated Employment Agreement dated June 14, 2007, between Joseph J. Kadow and OSI Restaurant Partners, LLC, as amended on January 1, 2009, June 12, 2009, December 30, 2010 and December 16, 2011	Registration Statement on Form S-1, File No. 333-180615, filed on April 6, 2012, Exhibit 10.29
10.29*	Split-Dollar Agreement dated August 12, 2008 and effective March 30, 2006, by and between OSI Restaurant Partners, LLC (formerly known as Outback Steakhouse, Inc.) and Joseph J. Kadow	Registration Statement on Form S-1, File No. 333-180615, filed on April 6, 2012, Exhibit 10.48
10.30*	Separation Agreement, dated as of July 31, 2019, by and between Joseph J. Kadow and OSI Restaurant Partners, LLC	June 30, 2019 Form 10-Q, Exhibit 10.5
10.31*	Employment Offer Letter Agreement, dated as of July 30, 2014, between Bloomin' Brands, Inc. and Donagh Herlihy	December 28, 2014 Form 10-K, Exhibit 10.58
10.32*	Employment Offer Letter Agreement, dated as of February 12, 2016, between Bloomin' Brands, Inc. and Michael Kappitt	March 27, 2016 Form 10-Q, Exhibit 10.3
10.33*	Employment Offer Letter Agreement, dated as of July 29, 2016, between Bloomin' Brands, Inc. and Gregg Scarlett	September 25, 2016 Form 10-Q, Exhibit 10.2
10.34*	Employment Offer Letter Agreement, dated as of January 15, 2019, between Bloomin' Brands, Inc. and Jeff Carcara	March 31, 2019 Form 10-Q, Exhibit 10.1
10.35*	Employment Offer Letter Agreement, dated as of March 7, 2019, between Bloomin' Brands, Inc. and Christopher Meyer	March 31, 2019 Form 10-Q, Exhibit 10.4

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS	FILINGS REFERENCED FOR INCORPORATION BY REFERENCE
10.36*	Employment Offer Letter Agreement, dated as of May 1, 2019, between Michael Stutts and Bloomin' Brands, Inc.	June 30, 2019 Form 10-Q, Exhibit 10.3
10.37*	Employment Offer Letter Agreement, dated as of May 1, 2019, between Kelly Lefferts and Bloomin' Brands, Inc.	June 30, 2019 Form 10-Q, Exhibit 10.4
10.38*	Severance Agreement, dated as of January 14, 2020, by and between Donagh H. Herlihy and OS Management, Inc.	Filed herewith
10.39*	Resignation Agreement, effective March 6, 2020, by and between Elizabeth A. Smith and Bloomin' Brands, Inc.	Filed herewith
10.40*	Employment Offer Letter Agreement, dated as of February 14, 2020, between Bloomin' Brands, Inc. and Gregg Scarlett	Filed herewith
21.1	List of Subsidiaries	Filed herewith
23.1	Consent of PricewaterhouseCoopers LLP	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]	Filed 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]	Filed herewith
101.INS	Inline XBRL Instance Document	Filed herewith
101.SCH	Inline XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)	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.

Item 16. Form 10-K Summary

None.

BLOOMIN' BRANDS, INC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: February 26, 2020

Bloomin' Brands, Inc.

By: /s/ David J. Deno

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ David J. Deno David J. Deno	Chief Executive Officer and Director (Principal Executive Officer)	February 26, 2020
/s/ Christopher Meyer Christopher Meyer	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	February 26, 2020
/s/ Wendy A. Beck Wendy A. Beck	Director	February 26, 2020
/s/ James R. Craigie James R. Craigie	Director	February 26, 2020
/s/ David R. Fitzjohn David R. Fitzjohn	Director	February 26, 2020
/s/ Tara Walpert Levy Tara Walpert Levy	Director	February 26, 2020
/s/ John J. Mahoney John J. Mahoney	Director	February 26, 2020
/s/ R. Michael Mohan R. Michael Mohan	Director	February 26, 2020
/s/ Elizabeth A. Smith Elizabeth A. Smith	Chairman of the Board and Director	February 26, 2020

Exhibit 4.2

BLOOMIN' BRANDS, INC.

DESCRIPTION OF COMMON STOCK

The following summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, our second amended and restated certificate of incorporation ("certificate of incorporation") and our third amended and restated bylaws ("bylaws"), which have been filed as exhibits to our most recent Annual Report on Form 10-K. The information in this Exhibit 4.2 is provided as of February 26, 2020.

General

Our certificate of incorporation provides for authorized capital stock of 475,000,000 shares of common stock, par value $0.01 per share, and 25,000,000 shares of undesignated preferred stock.

Common Stock

Dividend Rights. Subject to preferences that may apply to shares of preferred stock outstanding at the time, holders of outstanding shares of common stock are entitled to receive dividends out of assets legally available at the times and in the amounts as the Board of Directors may from time to time determine.

Voting Rights. Each outstanding share of common stock is entitled to one vote on all matters submitted to a vote of stockholders. Holders of shares of our common stock do not have cumulative voting rights.

Preemptive Rights. Our common stock is not entitled to preemptive or other similar subscription rights to purchase any of our securities.

Conversion or Redemption Rights. Our common stock is neither convertible nor redeemable.

Liquidation Rights. Upon our liquidation, the holders of our common stock will be entitled to receive pro rata our assets that are legally available for distribution, after payment of all debts and other liabilities and subject to the prior rights of any holders of preferred stock then outstanding.

Listing. Our shares of common stock are listed on the Nasdaq Global Select Market under the symbol "BLMN."

Anti-Takeover Effects of Our Certificate of Incorporation and Bylaws

Our certificate of incorporation and bylaws contain certain provisions that are intended to enhance the likelihood of continuity and stability in the composition of our Board of Directors and that may have the effect of delaying, deferring or preventing a future takeover or change in control of the Company unless that takeover or change in control is approved by our Board of Directors.

These provisions include:

Classified Board. Our certificate of incorporation provides that our Board of Directors be divided into three classes of directors, with the classes as nearly equal in number as possible. As a result, approximately one-third of our Board of Directors will be elected each year. The classification of directors has the effect of making it more difficult for stockholders to change the composition of our Board of Directors. In addition, because our Board of Directors is classified, under Delaware General Corporation Law, directors may only be removed for cause. Our certificate of incorporation also provides that, subject to any rights of holders of preferred stock to elect additional directors under specified circumstances, the number of directors is to be fixed exclusively pursuant to a resolution adopted by our Board of Directors.

Action by Written Consent; Special Meetings of Stockholders. Our certificate of incorporation provides that stockholder action can be taken only at an annual or special meeting of stockholders and cannot be taken by written consent in lieu of a meeting. Our certificate of incorporation also provides that, except as otherwise required by law, special meetings of the stockholders can be called only pursuant to a resolution adopted by a majority of the total number of directors that the Company would have if there were no vacancies.

Advance Notice Procedures. Our bylaws establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to the Board of Directors. Stockholders at an annual meeting are only able to consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the Board of Directors or by a stockholder who was a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has given our Secretary timely written notice, in accordance with our bylaws, of the stockholder's intention to bring that business before the meeting. Although the bylaws do not give the Board of Directors the power to approve or disapprove stockholder nominations of candidates or proposals regarding other business to be conducted at a special or annual meeting, the bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of the Company.

Super Majority Approval Requirements. The Delaware General Corporation Law generally provides that the affirmative vote of a majority of the outstanding stock entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless either a corporation's certificate of incorporation or bylaws require a greater percentage. Our certificate of incorporation and bylaws provide that the affirmative vote of holders of at least 75% of the total votes entitled to vote in the election of directors is required to amend, alter, change or repeal our bylaws and specified provisions of our certificate of incorporation. This requirement of a supermajority vote to approve amendments to our certificate of incorporation and bylaws could enable a minority of our stockholders to exercise veto power over any such amendments.

Authorized but Unissued Shares. Our authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of a majority of our common stock by means of a proxy contest, tender offer, merger or otherwise.

Business Combinations with Interested Stockholders. We have elected in our certificate of incorporation not to be subject to Section 203 of the Delaware General Corporation Law, which generally prohibits a publicly held Delaware corporation from engaging in a business combination, such as a merger, with a person or group owning 15% or more of the corporation's voting stock, for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Accordingly, we are not subject to any anti-takeover effects of Section 203. However, our certificate of incorporation contains provisions that have the same effect as Section 203, except that they provide that our former sponsors (as defined in the certificate of incorporation) and their respective affiliates will not be deemed to be "interested stockholders," regardless of the percentage of our voting stock owned by them, and accordingly will not be subject to such restrictions.

Limitations on Liability and Indemnification of Officers and Directors

Our certificate of incorporation limits the liability of our directors to the fullest extent permitted by the Delaware General Corporation Law, and our bylaws provide that we will indemnify them to the fullest extent permitted by such law. We have entered into indemnification agreements with our current directors and executive officers and expect to enter into a similar agreement with any new directors or executive officers. We also maintain customary directors' and officers' liability insurance policies that provide coverage to our directors and officers against loss arising from claims made by reason of breach of duty or other wrongful act and to us with respect to indemnification payments that we may make to directors and officers.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

SEVERANCE AGREEMENT AND GENERAL RELEASE

THIS SEVERANCE AGREEMENT AND GENERAL RELEASE (hereinafter "Release") is made and entered into by and between DONAGH M. HERLIHY ("Employee") and OS MANAGEMENT, INC. ("Employer"). The parties desire to settle any and all disputes between them on terms that are mutually agreeable. Accordingly, 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 Release, which is intended to fully and finally resolve any and all matters between Employer and Employee, whether actual or potential, on terms that are mutually agreeable.

2. By entering into this Release, Employer does not admit any underlying liability to Employee. Neither Employer nor Employee is entering this Release because of any wrongful acts of any kind.

3. Employee promises and obligates himself to perform the following covenants under this Release:

   a.) Employee agrees his employment with Employer is severed effective January 26, 2020 ("Separation Date"). However, Employee shall cease performing duties on Employee's behalf as of January 14, 2020. Employee shall remain reasonably available to Employer via telephone and e-mail through the Separation Date, for transfer of knowledge.

   b.) Acting for himself, his heirs, personal representatives, administrators and anyone claiming by or through him or them, Employee unconditionally and irrevocably releases, acquits and 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 Release.

      i) The phrases "Employer" or "Company" or "Employer and its Releasees" shall mean OS Management Inc. and all of its direct and indirect parents, (including but not limited to Bloomin' Brands, Inc. and OSI Restaurant Partners, LLC), direct and indirect affiliates (including but not limited to Outback Steakhouse of Florida, LLC, Bonefish Grill, LLC, Carrabba's Italian Grill, LLC, OS Prime, LLC, OS Pacific, LLC, DoorSide, LLC and OS Restaurant Services, LLC), and all of the past and present directors, officers, partners, shareholders, supervisors, employees, representatives, successors, assigns, subsidiaries, parents, and insurers of OS Management, Inc. and its parents and affiliates.

      ii) 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

 Employee Initials: **/s/ DH**

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.

c.) Employee was granted the option to purchase 250,000 shares of the common stock of Bloomin' Brands, Inc. (formerly Kangaroo Holdings, Inc.) (the "2014 Options") pursuant to that certain Option Agreement with a grant date of October 1, 2014 (the "2014 Option Agreement"). Employee agrees 187,000 of the 2014 Options were previously vested and exercised. The remaining 62,500 of the 2014 Options are vested and unexercised and shall remain vested and exercisable for 365 calendar days following the Separation Date. Employee agrees that as of 12:01 a.m. (Tampa time) on the 365th calendar day immediately following the Separation Date, the 2014 Option Agreement is hereby cancelled, terminated and deemed null and void ab initio.

d.) Employee was granted the option to purchase 26,471 shares of the common stock of Bloomin' Brands, Inc. (formerly Kangaroo Holdings, Inc.) (the "2015 Options") pursuant to that certain Option Agreement with a grant date of February 26, 2015 (the "2015 Option Agreement"). Employee agrees all 26,471 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 that as of 12:01 a.m. (Tampa time) on the 365th calendar day immediately following the Separation

Date, the 2015 Option Agreement is hereby cancelled, terminated and deemed null and void ab initio.

e.) Employee was granted the option to purchase 31,335 shares of the common stock of Bloomin’ Brands, Inc. (formerly Kangaroo Holdings, Inc.) (the "2016 Options") pursuant to that certain Option Agreement with a grant date of February 25, 2016 (the "2016 Option Agreement”). Employee agrees 15,667 shares of the 2016 Options were previously vested and exercised. Employees agrees 7,834 shares of the 2016 Options are vested and unexercised and shall remain vested and exercisable for 365 calendar days following the Separation Date. Employee agrees the remaining 7,834 shares of the 2016 Options are unvested and hereby forfeited, cancelled, terminated and deemed null and void ab initio. Employee agrees that as of 12:01 a.m. (Tampa time) on the 365th calendar day immediately following the Separation Date, the 2016 Option Agreement is hereby cancelled, terminated and deemed null and void ab initio.

f.) Employee was granted the option to purchase 32,080 shares of the common stock of Bloomin’ Brands, Inc. (formerly Kangaroo Holdings, Inc.) (the "2017 Options") pursuant to that certain Option Agreement with a grant date of February 24, 2017 (the "2017 Option Agreement”). Employee agrees 8,020 shares of the 2017 Options were previously vested and exercised. Employee agrees 8,020 shares of the 2017 Options are vested and unexercised and shall remain vested and exercisable for 365 calendar days following the Separation Date. Employee agrees the remaining 16,040 shares of the 2017 Options are unvested and hereby forfeited, cancelled, terminated and deemed null and void ab initio. Employee agrees that as of 12:01 a.m. (Tampa time) on the 365th calendar day immediately following the Separation Date, the 2017 Option Agreement is hereby cancelled, terminated and deemed null and void ab initio.

g.) Employee was granted the option to purchase 22,284 shares of the common stock of Bloomin’ Brands, Inc. (formerly Kangaroo Holdings, Inc.) (the "2018 Options") pursuant to that certain Option Agreement with a grant date of February 23, 2018 (the "2018 Option Agreement”). Employee agrees 5,571 shares of the 2018 Options are vested and unexercised and shall remain vested and exercisable for 365 calendar days following the Separation Date. Employee agrees the remaining 16,713 shares of the 2018 Options are unvested and hereby forfeited, cancelled, terminated and deemed null and void ab initio. Employee agrees that as of 12:01 a.m. (Tampa time) on the 365th calendar day immediately following the Separation Date, the 2018 Option Agreement is hereby cancelled, terminated and deemed null and void ab initio.

h.) Employee was granted the option to purchase 27,883 shares of the common stock of Bloomin’ Brands, Inc. (formerly Kangaroo Holdings, Inc.) (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

 Employee Initials: **/s/ DH**

ab initio. Employee agrees the 2019 Option Agreement is hereby cancelled, terminated and deemed null and void ab initio.

i.) Employee was awarded 13,442 Bloomin’ Brands, Inc. (formerly Kangaroo Holdings, Inc.) 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 10,081 of the 2016 Restricted stock units were previously vested and distributed. Employee agrees 3,361 of the 2016 Restricted stock units are unvested and hereby forfeited, canceled, terminated and deemed null and void ab initio. The 2016 Restricted Stock Agreement is hereby forfeited, cancelled, terminated and deemed null and void ab initio.

j.) Employee was awarded 13,467 Bloomin’ Brands, Inc. (formerly Kangaroo Holdings, Inc.) 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 6,733 of the 2017 Restricted stock units were previously vested and distributed. Employee agrees 6,734 of the 2017 Restricted stock units are unvested and hereby forfeited, canceled, terminated and deemed null and void ab initio. The February 2017 Restricted Stock Agreement is hereby forfeited, cancelled, terminated and deemed null and void ab initio.

k.) Employee was awarded 9,516 Bloomin’ Brands, Inc. (formerly Kangaroo Holdings, Inc.) 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 2,379 of the 2018 Restricted stock units were previously vested and distributed. Employee agrees 7,137 of the 2018 Restricted stock units are unvested and hereby forfeited, canceled, terminated and deemed null and void ab initio. The February 2018 Restricted Stock Agreement is hereby forfeited, cancelled, terminated and deemed null and void ab initio.

l.) Employee was awarded 10,731 Bloomin’ Brands, Inc. (formerly Kangaroo Holdings, Inc.) 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 none of the 2019 Restricted stock units are vested and all are hereby forfeited, canceled, terminated and deemed null and void ab initio. The February 2019 Restricted Stock Agreement is hereby forfeited, cancelled, terminated and deemed null and void ab initio.

m.) Employee was awarded 9,915 Bloomin’ Brands, Inc. (formerly Kangaroo Holdings, Inc.) Performance Share Units awards (the "2017 Performance Share Units") pursuant to that certain Performance Share Units Agreement with a grant date of February 24, 2017 (the "2017 Performance Share Units Agreement"). Employee agrees none of the 2017 Performance Share Units awards are vested and all are hereby forfeited, cancelled, terminated and deemed null and void. The 2017

Performance Share Units Agreement is hereby forfeited, cancelled, terminated and deemed null and void ab initio.

n.) Employee was awarded 7,029 Bloomin’ Brands, Inc. (formerly Kangaroo Holdings, Inc.) Performance Share Units awards (the "2018 Performance Share Units") pursuant to that certain Performance Share Units Agreement with a grant date of February 23, 2018 (the "2018 Performance Share Units Agreement"). Employee agrees none of the 2018 Performance Share Units awards are vested and all are hereby forfeited, cancelled, terminated and deemed null and void. The 2018 Performance Share Units Agreement is hereby forfeited, cancelled, terminated and deemed null and void ab initio.

o.) Employee was awarded 8,048 Bloomin’ Brands, Inc. (formerly Kangaroo Holdings, Inc.) Performance Share Units awards (the "2019 Performance Share Units") pursuant to that certain Performance Share Units Agreement with a grant date of February 19, 2019 (the "2019 Performance Share Units Agreement"). Employee agrees none of the 2019 Performance Share Units awards are vested and all are hereby forfeited, cancelled, terminated and deemed null and void. The 2019 Performance Share Units Agreement is hereby forfeited, cancelled, terminated and deemed null and void ab initio.

p.) Employee waives and relinquishes any rights that Employee may have to claim reimbursement from Employer and its Releasees 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 herein.

q.) 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 Release 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 Release, nothing in this Release 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.

r.) Employee agrees that he will preserve the confidentiality of this Release and not discuss or disclose its existence, substance, or contents to anyone other than his spouse, attorney, accountant, or tax advisors, except as compelled or authorized by law. Employee further agrees that he will not at any time, disclose, use, or communicate to any person or entity, whether directly or indirectly, any Confidential Information obtained by the Employee during the term of Employee's employment with Employer, unless (i) such disclosure or communication is compelled by law, or (ii) Employee has received specific written authorization in advance from Employer prior to the disclosure, use, or communication. Confidential Information shall mean any information regarding, affecting, or relating to the clients, operations, or business of Employer that is treated as confidential by Employer and that is not generally known by or otherwise available to third parties.

s.) 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 Release.

t.) If Employee is asked to discuss the subjects prohibited by subparagraphs 3(r) and (s) above, Employee is authorized to respond as follows:

> I had a good relationship with Bloomin’ Brands, but my position was eliminated. I have no disputes with Bloomin’ Brands.

u.) For a two-year period commencing on the date Employee executes this Agreement, Employee shall not, individually or jointly with others, offer employment to, or hire, any employee of Employer, their franchisees or affiliates, or otherwise solicit or induce, directly or indirectly, any employee of Employer, their franchisees or affiliates to terminate their employment. 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.

v.) 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.

w.) Employee agrees this Release 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.

x.) Employee shall comply with all other terms of this Release as provided for herein.

 Employee Initials: **/s/ DH**

4. As consideration for the promises made by Employee in this Release, Employer promises and obligates itself to perform the following covenants under this Release:

   a.) Employer shall pay Employee a lump sum severance payment in the gross amount of $1,500,000, less legal deductions and withholdings.

   b.) Employer shall pay Employee a lump sum of $16,500 to reimburse Employee for 12 months continuing coverage of his benefits pursuant to the Consolidated Omnibus Budget Reconciliation Act (“COBRA”).

   c.) As additional consideration for this Release, Employer will provide Employee with outplacement services with Challenger, Gray & Christmas for a period of up to 12 months, to be used consecutively, beginning after the expiration of the Revocation Period referenced in paragraph 6 below.

   d.) Employer will not contest any claim for unemployment benefits related to Employee’s employment with Employer ended on the Separation Date.

   e.) Employer shall send the payments described in paragraphs 4(a) and 4(b) above to Employee’s home address within 10 days after the expiration of the Revocation Period referenced in paragraph 6 below.

   f.) Employer shall comply with all other terms of this Release as provided for herein.

5. Employee shall have a period of 21 calendar days (“the Consideration Period”) from the date he is presented with this Release to consider the Release’s terms and consequences before executing the Release. Employee is not required to let the full Consideration Period elapse before executing the Release; the Release may be executed on any date within the Consideration Period.

6. Employee and Employer agree that Employee may revoke the Release for any reason at any time during the seven calendar days immediately following Employee’s execution of the Release ("the Revocation Period"). To revoke this Release, Employee must cause written notice of his intent to revoke this Release 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 Release shall not become effective or enforceable until the Revocation Period has expired without such notice having been delivered to Employer in the specified manner.

7. Employee agrees that each of the following statements is truthful and accurate:

   a.) Employee is of sound mind and body.

   b.) Employee has sufficient education and experience to make choices for himself that may affect his legal rights.

   c.) Employee has full legal capacity to make decisions for himself.

 Employee Initials: **/s/ DH**

d.) Employee is aware that this Release has significant legal consequences.

e.) Employee has been advised to consider consulting with an attorney of his choice prior to signing this Release.

f.) Employee has decided to sign this Release of his own free will, and his decision to sign this Release has not been unduly influenced or controlled by any mental or emotional impairment or condition.

g.) Employee is not executing this Release because of any duress or coercion imposed on him by anyone.

h.) Employee acknowledges that he has not compromised any claim for unpaid wages under the Fair Labor Standards Act as he has received full compensation for all hours worked, at the appropriate rate of pay, and no other wages, overtime, compensation, benefits, or other amounts are due and owing.

8. 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 Release. 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 Release.

9. 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.

10. Commencing on the Separation Date, Employee shall not, individually or jointly with others, directly or indirectly, whether for Employee's own account or for any other person or entity, engage in or own or hold any ownership interest in any of the following companies, or any franchisee of those companies: Brinker International, Cheesecake Factory, Chipotle Mexican Grill, Cracker Barrel, Darden Restaurants, Dine Brands Global, Domino's Pizza, Jack in the Box, Texas Roadhouse, Wendy's, YUM! Brands. Employee 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 of the aforementioned companies for a continuous period of twelve months. It shall not be a violation 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.

 Employee Initials: **/s/ DH**

11. 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 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.

12. Any and all prior understandings or agreements between Employee and Employer with respect to the subject matter of this Release are merged into this Release, which fully and completely expresses the entire agreement and understanding of the parties with respect to the subject matter hereof. Notwithstanding this provision, this Release 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 Release 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 Release.

13. 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 Release, including as related to the non-solicitation provision.

14. This Release cannot be orally amended, modified, or changed. No change, amendment, or modification to the terms of this Release shall be valid unless such change, amendment, or modification is memorialized in a written agreement between the parties that expressly references this Release 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.

15. This Release 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 Release by either party, the other party shall be entitled to seek enforcement of this Release 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 Release. This Release 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 Release.

16. At the conclusion of any litigation or dispute arising out of or related to this Release, 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.

17. The language of all parts of this Release 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 Release, the singular or plural shall be deemed to include the other whenever the context so indicates or requires.

18. Should any provision of this Release 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 Release.

19. The parties agree that a true copy of this Release 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 RELEASE INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

Executed at Tampa, Florida this 28th day of January, 2020.

/s/ Amy Herlihy	**/s/ Donagh Herlihy**
Witness	Donagh M. Herlihy, Employee

Executed at Tampa, Florida this 28th day of February, 2020.

	EMPLOYER
/s/ Pablo Brizi	By: **/s/ Kelly Lefferts**
Witness	Title: Chief Legal Officer

RESIGNATION AGREEMENT

THIS RESIGNATION AGREEMENT (this "Agreement") is made and entered into effective as of March 6, 2020 (the "Effective Date"), by and between Bloomin' Brands, Inc., a Delaware corporation (the "Company"), and Elizabeth A. Smith (the "Executive"). Capitalized terms used but not defined herein have the meanings ascribed to such terms in that certain Second Amended and Restated Employment Agreement between the Executive and the Company, dated April 1, 2019 (the "Existing Agreement").

WHEREAS, the Executive is currently employed by the Company as the Executive Chairman of the Company and is party to the Existing Agreement;

WHEREAS, the Executive will cease serving as the Executive Chairman of the Board of Directors (the "Board") of the Company effective as of the Effective Date; and

WHEREAS, the Company and the Executive desire to enter into this Agreement to terminate the Existing Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises, terms, provisions and conditions set forth in this Agreement, the parties hereby agree as follows:

1. Termination of Agreement. As of the Effective Date and in accordance with the terms of this Agreement, (a) Executive resigns from employment as the Company's Executive Chairman and all other positions with the Company or any subsidiaries or Affiliates thereof, other than membership on the Board, and (b) the Existing Agreement is terminated, other than the terms thereof that survive as expressly provided herein. Notwithstanding anything to the contrary in the Existing Agreement, nothing in this Agreement shall result in termination of the Executive's membership on the Board or require Executive to resign such membership.

2. Compensation and Benefits. Executive shall receive, as good and valuable consideration in return for Executive's execution of this Agreement, which is intended to fully and finally resolve any and all matters between the Company and the Executive, whether actual or potential, on terms that are mutually agreeable:

(a) Final Compensation; and

(b) all outstanding equity awards held by Executive that were granted by the Company prior to the Effective Date, whether vested or unvested, shall continue to be governed by the terms of the existing award agreements. For the avoidance of doubt, Executive's continued membership on the Board constitutes "Continuous Service" within the meaning of all applicable equity awards.

3. Timing of Payments and Section 409A. Notwithstanding anything to the contrary in this Agreement, if any amounts payable under this Agreement within six (6) months following the Effective Date would be a deferral of compensation within the meaning of Treasury regulation Section 1.409A-1(b) [(including without limitation by reason of the safe harbor set forth in Section 1.409A-1(b)(9)(iii), as determined by the Company in its reasonable good faith discretion)]; then such amounts shall instead be paid on the next business day following the expiration of such six (6) month period.

4. Effect of Termination of Existing Agreement.

(a) Subject to the other provisions of this Section 4, payment by the Company of the amounts and benefits provided for under Section 2 shall constitute the entire obligation of the Company to the Executive hereunder. Executive acknowledges and agrees that the amounts and benefits provided for under Section 2 are conditioned on (i) the Executive signing and returning to the Company (without revoking) the Release of Claims, by the deadline specified therein, which in all events shall be no later than the forty fifth (45th) calendar day following the Effective Date and (ii) the Compliance Condition.

(b) Except with respect to any bonus or cash incentive plan or agreement, severance plan or agreement or equity award plan or agreement, the Executive's participation in all Employee Benefit Plans shall be determined pursuant to the terms of the applicable plan documents based on the date of termination of the Executive's employment without regard to any payment to or on behalf of the Executive following such date of termination and, in the case of the right of the Executive to continue medical and dental plan participation, such participation shall be governed in accordance with applicable law. The Executive is entitled to retain any vested benefits under the Employee Benefit Plans in accordance with the terms of such plans.

(c) The provisions of Sections 7, 8, 9, 10, 11 and 12 of the Existing Agreement shall remain in effect as of and through the Effective Date on the terms and conditions set forth therein.

5. Withholding. All payments made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law.

6. Assignment. Neither the Company nor the Executive may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other; provided, however, that the Company may assign its rights and obligations under this Agreement, without the consent of the Executive, to an Affiliate (that will manage the assets and carry on the historic business of the Company following such assignment) or a successor that expressly assumes and agrees in writing to perform this Agreement in the same manner and to the same extent as the Company, including in the event that the Company shall hereafter affect a reorganization, consolidate with, or merge into, any other Person, or transfer all or substantially all of its properties, stock, or assets to any other Person. This Agreement shall inure to the benefit of and be binding upon the Company and the Executive, their respective successors, executors, administrators, heirs and permitted assigns.

7. Severability. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. The declaration by a court of competent jurisdiction that any of the provisions in Sections 7, 8 or 9 of the Existing Agreement, or any portions thereof, are illegal or unenforceable shall have no effect on the Company's rights under Section 11 of the Existing Agreement to terminate the benefits under Section 2 and any outstanding equity awards in the event of the Executive's failure to comply with the Compliance Condition.

8. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of either party to require the performance of any term or obligation of this Agreement, or the waiver by either party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

9. Notices. Any and all notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be effective when delivered in person, consigned to a reputable national courier service or deposited in the United States mail, postage prepaid, registered or certified, and addressed to the Executive at her last known address on the books of the Company, or, in the case of the Company, at its principal place of business, attention of the Corporate Secretary of the Company, with a copy to Baker & Hostetler LLC, 127 Public Square, Suite 2100, Cleveland, Ohio 44114, Attention: John M. Gherlein and Janet A. Spreen or to such other address as either party may specify by notice to the other actually received.

10. Entire Agreement. This Agreement and the Release of Claims constitute the entire agreement between the parties and supersedes and terminates all prior communications, agreements and understandings, written or oral, with respect to the terms and conditions of the Executive's employment with the Company, including, but not limited to the Existing Agreement. This Agreement does not supersede or otherwise affect the terms of any outstanding equity awards, except as expressly set forth herein.

11. Amendment. This Agreement may be amended or modified only by a written instrument signed by the Executive and by an expressly authorized representative of the Company.

12. Headings. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement.

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

14. Governing Law. This is a Florida contract and shall be construed and enforced under and be governed in all respects by the laws of the State of Florida, without regard to the conflict of laws principles thereof. In the event of any alleged breach or threatened breach of this Agreement, the Executive hereby consents and submits to the jurisdiction of the federal and state courts in and of the State of Florida.

15. Cooperation. The Executive shall cooperate fully with all reasonable requests for information and participation by the Company, its agents or its attorneys at the Company's expense in prosecuting or defending claims, suits and disputes brought on behalf of or against the Company and in which Executive is involved or about which Executive has knowledge.

16. WAIVER OF JURY TRIAL. THE 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 EITHER 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.

IN WITNESS WHEREOF, this parties have executed this Amendment as of the date set forth above.

THE COMPANY:

BLOOMIN’ BRANDS, INC.

By: **/s/ Elizabeth Smith**

THE EXECUTIVE

/s/ Elizabeth Smith
Elizabeth A. Smith

Exhibit 10.40

February 14, 2020

Gregg Scarlett

Dear Gregg,

This letter agreement confirms the verbal offer extended to you by Bloomin' Brands, Inc. (the "Company") to serve as Executive Vice President, Chief Operating Officer, Casual Dining Restaurants reporting to David Deno, Chief Executive Officer. Your effective date will be February 14, 2020. 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 $675,000 effective February 14, 2020 payable in equal bi-weekly installments.

You will remain eligible to participate in the Company's annual bonus program and effective February 14, 2020 your target bonus will be 120% 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 2020 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 delivered with 35,000 Performance Share Units ("PSUs"), 50,000 Restricted Stock Units ("RSUs") and 100,000 Stock Options ("Options") on the first business day 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 as follows: PSUs will vest on a 3-year cliff schedule on the third anniversary of the grant date subject to the Company's Adjusted EPS performance over fiscal years 2020-2022, and RSUs and Options shall both ratably vest one-third of the units on each of the first, second and third anniversaries of the grant date, respectively. 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 150% of your base salary, which will be subject to Company and individual performance.

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

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

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 (as defined in Schedule 1) 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/ Gregg Scarlett	**2/14/20**
Gregg Scarlett	**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).

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.

“Good Reason” shall be defined as any one or more of the following

(i) a material diminution in the nature and scope of your responsibilities, duties or authority (any diminution of the business of the Company shall not constitute Good Reason);
(ii) a material diminution by the Company in your current base salary and/or your annual bonus potential other than as part of an across-the-board reduction that results in a proportional reduction to you substantially equivalent to that of other employees that are designated at the same level as you;
(iii) a removal from, or failure to continue in, the your current position, unless you are offered another position that is no less favorable than your current position in terms of compensation (compensation for these purposes meaning base salary and participation in annual bonus and long-term incentive programs); or
(iv) an actual relocation of your principal office to another location more than fifty (50) miles from your current office location and such office relocation results in a material increase in your length of commute; provided that no finding of Good Reason shall be effective unless and until you have provided the Company, within sixty (60) calendar days of the date when the you became aware, or

should have become aware, of the facts and circumstances underlying the finding of Good Reason, with written notice thereof stating with specificity all of the facts and circumstances underlying the finding of Good Reason and that the you intends to terminate your employment for Good Reason no later than the sixtieth (60th) day following the delivery of such notice to the Employer and, if the basis for such finding of Good Reason is capable of being cured by the Employer, providing the Employer with an opportunity to cure the same within thirty (30) calendar days after receipt of such notice. If the Company does not cure the same within such thirty (30) calendar day cure period, no finding of Good Reason shall be effective unless you terminate employment within thirty (30) calendar days of the expiration of such cure period.

Exhibit 21.1

SUBSIDIARY NAME	STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION
Annapolis Outback, Inc.	MD
BBI International Holdings, Inc.	FL
BBI Ristorante Italiano, LLC	FL
Bel Air Outback, Inc.	MD
BFG Nebraska, Inc.	FL
BFG New Jersey Services, Limited Partnership	FL
BFG Oklahoma, Inc.	FL
BFG Pennsylvania Services, Ltd	FL
BFG/FPS of Marlton Partnership	FL
Bloom Brands Holdings I C.V.	NL
Bloom Brands Holdings II C.V.	NL
Bloom Group Holdings B.V.	NL
Bloom Group Holdings II, B.V.	NL
Bloom Group Holdings III C.V.	NL
Bloom Group Restaurants, B.V.	NL
Bloom Group Restaurants, LLC	FL
Bloom No.1 Limited	HK
Bloom No.2 Limited	HK
Bloom Participações, Ltda.	BR
Bloom Restaurantes Brasil S.A.	BR
Bloomin’ Brands Gift Card Services, LLC	FL
Bloomin’ Brands International, LLC	FL
Bloomin Hong Kong Limited	HK
Bloomin Puerto Rico L.P.	CI
Bonefish Baltimore County, LLC	MD
Bonefish Beverages, LLC	TX
Bonefish Brandywine, LLC	MD
Bonefish Designated Partner, LLC	DE
Bonefish Grill International, LLC	FL
Bonefish Grill, LLC	FL
Bonefish Holdings, LLC	TX
Bonefish Kansas LLC	KS
Bonefish of Bel Air, LLC	MD
Bonefish of Gaithersburg, Inc.	MD
Bonefish/Anne Arundel, LLC	MD
Bonefish/Asheville, Limited Partnership	FL
Bonefish/Carolinas, Limited Partnership	FL
Bonefish/Centreville, Limited Partnership	FL
Bonefish/Columbus-I, Limited Partnership	FL
Bonefish/Crescent Springs, Limited Partnership	FL
Bonefish/Fredericksburg, Limited Partnership	FL
Bonefish/Glen Burnie, LLC	MD
Bonefish/Greensboro, Limited Partnership	FL
Bonefish/Hyde Park, Limited Partnership	FL
Bonefish/Newport News, Limited Partnership	FL
Bonefish/Richmond, Limited Partnership	FL
Bonefish/Southern Virginia, Limited Partnership	FL
Bonefish/Virginia, Limited Partnership	FL
Carrabba’s Designated Partner, LLC	DE

SUBSIDIARY NAME	STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION
Carrabba’s Italian Grill of Howard County, Inc.	MD
Carrabba’s Italian Grill of Overlea, Inc.	MD
Carrabba’s Italian Grill, LLC	FL
Carrabba’s Kansas LLC	KS
Carrabba’s of Bowie, LLC	MD
Carrabba’s of Germantown, Inc.	MD
Carrabba’s of Ocean City, Inc.	MD
Carrabba’s of Pasadena, Inc.	MD
Carrabba’s of Waldorf, Inc.	MD
Carrabba’s/Birmingham 280, Limited Partnership	FL
Carrabba’s/DC-I, Limited Partnership	FL
CIGI Beverages of Texas, LLC	TX
CIGI Florida Services, Ltd	FL
CIGI Holdings, LLC	TX
CIGI Nebraska, Inc.	FL
CIGI Oklahoma, Inc.	FL
CIGI/BFG of East Brunswick Partnership	FL
DoorSide, LLC	FL
Dutch Holdings I, LLC	FL
Dutch Holdings II, LLC	FL
Fleming’s Beverages, LLC	TX
Fleming’s International, LLC	FL
Fleming’s of Baltimore, LLC	MD
Flemings Restaurantes do Brasil Ltda.	BR
Fleming’s/Outback Holdings, LLC	TX
FPS NEBRASKA, INC.	FL
FPS Oklahoma, Inc.	FL
Frederick Outback, Inc.	MD
Hagerstown Outback, Inc.	MD
New Private Restaurant Properties, LLC	DE
OBTex Holdings, LLC	TX
Ocean City Outback, Inc.	MD
OS Management, Inc.	FL
OS Niagara Falls, LLC	FL
OS Prime, LLC	FL
OS Realty, LLC	FL
OS Restaurant Services, LLC	FL
OS Southern, LLC	FL
OS Tropical, LLC	FL
OSF Florida Services, Ltd	FL
OSF Nebraska, Inc.	FL
OSF New Jersey Services, Limited Partnership	FL
OSF New York Services, Limited Partnership	FL
OSF North Carolina Services, Ltd	FL
OSF Oklahoma, Inc.	FL
OSF Pennsylvania Services, Ltd	FL
OSF South Carolina Services, Ltd	FL
OSF Virginia Services, Limited Partnership	FL
OSF/BFG of Deptford Partnership	FL

SUBSIDIARY NAME	STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION
OSF/BFG of Lawrenceville Partnership	FL
OSF/CIGI of Evesham Partnership	FL
OSI China Venture	CI
OSI HoldCo, Inc.	DE
OSI HoldCo I, Inc.	DE
OSI HoldCo II, Inc.	DE
OSI International, LLC	FL
OSI Restaurant Partners, LLC	DE
OSI/Fleming’s, LLC	DE
Outback & Carrabba’s of New Mexico, Inc.	NM
Outback Alabama, Inc.	AL
Outback Beverages of Texas, LLC	TX
Outback Designated Partner, LLC	DE
Outback Kansas LLC	KS
Outback of Aspen Hill, Inc.	MD
Outback of Calvert County, Inc.	MD
Outback of Conway, Inc.	AR
Outback of Germantown, Inc.	MD
Outback of La Plata, Inc.	MD
Outback of Laurel, LLC	MD
Outback of Waldorf, Inc.	MD
Outback Philippines Development Holdings Corporation	PI
Outback Puerto Rico Designated Partner, LLC	DE
Outback Steakhouse International Investments, Co.	CI
Outback Steakhouse International, L.P.	GA
Outback Steakhouse International, LLC	FL
Outback Steakhouse of Bowie, Inc.	MD
Outback Steakhouse of Canton, Inc.	MD
Outback Steakhouse of Florida, LLC	FL
Outback Steakhouse of Howard County, Inc.	MD
Outback Steakhouse of Jonesboro, Inc.	AR
Outback Steakhouse of Salisbury, Inc.	MD
Outback Steakhouse of St. Mary’s County, Inc.	MD
Outback Steakhouse Restaurantes Brasil, S.A. (f/k/a Bloom Holdco)	BR
Outback Steakhouse West Virginia, Inc.	WV
Outback/Carrabba’s Partnership	FL
Outback/Fleming’s Designated Partner, LLC	DE
Outback/Hampton, Limited Partnership	FL
Outback/Stone-II, Limited Partnership	FL
Outback-Carrabba’s of Hunt Valley, Inc.	MD
Owings Mills Incorporated	MD
Perry Hall Outback, Inc.	MD
Prince George’s County Outback, Inc.	MD
Private Restaurant Master Lessee, LLC	DE
Snyderman Restaurant Group Inc	NJ
Williamsburg Square Joint Venture	PA
Xuanmei Food and Beverage (Shanghai) Co., Ltd.	CN

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-183270, 333-187035, 333-194261, 333-202259, 333-209691 and 333-210868) of Bloomin' Brands, Inc. of our report dated February 26, 2020 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Tampa, Florida
February 26, 2020

Exhibit 31.1

CERTIFICATION

I, David J. Deno, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: February 26, 2020

/s/ David J. Deno

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

Exhibit 31.2

CERTIFICATION

I, Christopher Meyer, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: February 26, 2020

/s/ Christopher Meyer

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

Exhibit 32.1

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 Annual Report of Bloomin' Brands, Inc. (the "Company") on Form 10-K for the year ended December 29, 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:	February 26, 2020	/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.

Exhibit 32.2

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 Annual Report of Bloomin' Brands, Inc. (the "Company") on Form 10-K for the year ended December 29, 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: February 26, 2020

/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.