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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 26, 2017

or

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

For the transition period from ______ to ______

Commission File Number: 001-35625

BLOOMIN' BRANDS, INC.

(Exact name of registrant as specified in its charter)

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

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

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

N/A
(Former name, former address and former fiscal year, if changed since last report)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 ☐ (Do not check if a smaller reporting company)
Smaller reporting company ☐ Emerging growth company ☐

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

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

As of April 27, 2017, 100,232,042 shares of common stock of the registrant were outstanding.

BLOOMIN' BRANDS, INC.

INDEX TO QUARTERLY REPORT ON FORM 10-Q
For the Quarterly Period Ended March 26, 2017
(Unaudited)

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BLOOMIN' BRANDS, INC.

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA, UNAUDITED)

	MARCH 26, 2017	DECEMBER 25, 2016
ASSETS		
Current Assets		
Cash and cash equivalents	$ 98,383	$ 127,176
Current portion of restricted cash and cash equivalents	805	7,886
Inventories	52,262	65,231
Other current assets, net	89,850	190,226
Total current assets	241,300	390,519
Restricted cash	—	1,124
Long-term portion of assets held for sale	36,402	803
Property, fixtures and equipment, net	1,194,969	1,237,148
Goodwill	316,498	310,055
Intangible assets, net	535,313	535,523
Deferred income tax assets	56,104	38,764
Other assets, net	130,390	128,343
Total assets	$ 2,510,976	$ 2,642,279

(CONTINUED...)

BLOOMIN' BRANDS, INC.

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA, UNAUDITED)

	MARCH 26, 2017	DECEMBER 25, 2016
LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 197,629	$ 195,371
Accrued and other current liabilities	216,322	204,415
Unearned revenue	284,081	388,543
Current portion of long-term debt	48,756	35,079
Total current liabilities	746,788	823,408
Deferred rent	146,882	151,130
Deferred income tax liabilities	17,407	16,709
Long-term liabilities held for sale	12,792	—
Long-term debt, net	953,620	1,054,406
Deferred gain on sale-leaseback transactions, net	186,131	181,696
Other long-term liabilities, net	227,711	219,030
Total liabilities	2,291,331	2,446,379
Commitments and contingencies (Note 15)		
Mezzanine Equity		
Redeemable noncontrolling interests	497	547
Stockholders' Equity		
Bloomin' Brands Stockholders' Equity		
Preferred stock, $0.01 par value, 25,000,000 shares authorized; no shares issued and outstanding as of March 26, 2017 and December 25, 2016	—	—
Common stock, $0.01 par value, 475,000,000 shares authorized; 101,480,260 and 103,922,110 shares issued and outstanding as of March 26, 2017 and December 25, 2016, respectively	1,015	1,039
Additional paid-in capital	1,077,473	1,079,583
Accumulated deficit	(781,673)	(786,780)
Accumulated other comprehensive loss	(89,681)	(111,143)
Total Bloomin' Brands stockholders' equity	207,134	182,699
Noncontrolling interests	12,014	12,654
Total stockholders' equity	219,148	195,353
Total liabilities, mezzanine equity and stockholders' equity	$ 2,510,976	$ 2,642,279

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

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BLOOMIN' BRANDS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(IN THOUSANDS, EXCEPT PER SHARE DATA, UNAUDITED)

	THIRTEEN WEEKS ENDED	
	MARCH 26, 2017	MARCH 27, 2016
Revenues		
Restaurant sales	$ 1,135,488	$ 1,158,052
Franchise and other revenues	8,335	6,136
Total revenues	1,143,823	1,164,188
Costs and expenses		
Cost of sales	364,748	375,288
Labor and other related	324,398	322,805
Other restaurant operating	247,940	253,571
Depreciation and amortization	46,590	47,651
General and administrative	71,941	75,025
Provision for impaired assets and restaurant closings	19,076	3,164
Total costs and expenses	1,074,693	1,077,504
Income from operations	69,130	86,684
Loss on defeasance, extinguishment and modification of debt	—	(26,580)
Other expense, net	(51)	(19)
Interest expense, net	(9,141)	(12,875)
Income before provision for income taxes	59,938	47,210
Provision for income taxes	15,015	11,327
Net income	44,923	35,883
Less: net income attributable to noncontrolling interests	1,013	1,408
Net income attributable to Bloomin' Brands	$ 43,910	$ 34,475
Net income	$ 44,923	$ 35,883
Other comprehensive income:		
Foreign currency translation adjustment	20,489	(7,285)
Unrealized gain (loss) on derivatives, net of tax	101	(2,735)
Reclassification of adjustment for loss on derivatives included in Net income, net of tax	784	988
Comprehensive income	66,297	26,851
Less: comprehensive income attributable to noncontrolling interests	925	2,106
Comprehensive income attributable to Bloomin' Brands	$ 65,372	$ 24,745
Earnings per share:		
Basic	$ 0.43	$ 0.29
Diluted	$ 0.41	$ 0.29
Weighted average common shares outstanding:		
Basic	103,074	117,930
Diluted	106,413	120,776
Cash dividends declared per common share	$ 0.08	$ 0.07

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

BLOOMIN' BRANDS, INC.

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

	BLOOMIN' BRANDS, INC.						
	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	$ (786,780)	$ (111,143)	$ 12,654	$ 195,353
Net income	—	—	—	43,910	—	1,068	44,978
Other comprehensive income (loss), net of tax	—	—	—	—	21,462	(93)	21,369
Cash dividends declared, $0.08 per common share	—	—	(8,254)	—	—	—	(8,254)
Repurchase and retirement of common stock	(2,887)	(29)	—	(53,024)	—	—	(53,053)
Stock-based compensation	—	—	5,990	—	—	—	5,990
Common stock issued under stock plans (1)	445	5	225	(143)	—	—	87
Purchase of noncontrolling interests, net of tax of $45	—	—	(71)	—	—	59	(12)
Distributions to noncontrolling interests	—	—	—	—	—	(2,013)	(2,013)
Contributions from noncontrolling interests	—	—	—	—	—	339	339
Cumulative-effect from a change in accounting principle	—	—	—	14,364	—	—	14,364
Balance, March 26, 2017	101,480	$ 1,015	$ 1,077,473	$ (781,673)	$ (89,681)	$ 12,014	$ 219,148

(CONTINUED...)

BLOOMIN' BRANDS, INC.

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

	BLOOMIN' BRANDS, INC.						
	COMMON STOCK						
	SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS	NON-CONTROLLING INTERESTS	TOTAL
Balance, December 27, 2015	119,215	$ 1,192	$ 1,072,861	$ (518,360)	$ (147,367)	$ 13,574	$ 421,900
Net income	—	—	—	34,475	—	1,097	35,572
Other comprehensive (loss) income, net of tax	—	—	—	—	(9,730)	6	(9,724)
Cash dividends declared, $0.07 per common share	—	—	(8,238)	—	—	—	(8,238)
Repurchase and retirement of common stock	(4,399)	(44)	—	(74,956)	—	—	(75,000)
Stock-based compensation	—		5,890	—	—	—	5,890
Tax shortfall from stock-based compensation	—	—	(838)	—	—	—	(838)
Common stock issued under stock plans (1)	209	2	(1,103)	(176)	—	—	(1,277)
Purchase of noncontrolling interests, net of tax of $522	—	—	538	—	—	164	702
Distributions to noncontrolling interests	—	—	—	—	—	(2,025)	(2,025)
Contributions from noncontrolling interests	—	—	—	—	—	240	240
Balance, March 27, 2016	115,025	$ 1,150	$ 1,069,110	$ (559,017)	$ (157,097)	$ 13,056	$ 367,202

(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, UNAUDITED)

	THIRTEEN WEEKS ENDED	
	MARCH 26, 2017	MARCH 27, 2016
Cash flows provided by operating activities:		
Net income	$ 44,923	$ 35,883
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	46,590	47,651
Amortization of deferred discounts and issuance costs	1,004	1,315
Amortization of deferred gift card sales commissions	7,902	9,633
Provision for impaired assets and restaurant closings	19,076	3,164
Stock-based and other non-cash compensation expense	6,672	4,561
Deferred income tax (benefit) expense	(794)	234
Loss on defeasance, extinguishment and modification of debt	—	26,580
Recognition of deferred gain on sale-leaseback transactions	(2,897)	(551)
Excess tax benefit from stock-based compensation	—	(81)
Other non-cash items, net	683	(1,659)
Change in assets and liabilities:		
Decrease in inventories	11,747	5,806
Decrease in other current assets	96,930	95,746
(Increase) decrease in other assets	(1,328)	2,424
Increase in accounts payable and accrued and other current liabilities	10,493	1,818
(Decrease) increase in deferred rent	(1,150)	6,452
Decrease in unearned revenue	(104,519)	(102,963)
Increase (decrease) in other long-term liabilities	865	(5,288)
Net cash provided by operating activities	136,197	130,725
Cash flows used in investing activities:		
Proceeds from disposal of property, fixtures and equipment	3	2
Proceeds from sale-leaseback transactions, net	38,776	8,459
Capital expenditures	(58,237)	(43,566)
Decrease in restricted cash	14,079	29,457
Increase in restricted cash	(5,873)	(10,128)
Other investments, net	(1,123)	(2,777)
Net cash used in investing activities	$ (12,375)	$ (18,553)

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BLOOMIN' BRANDS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS, UNAUDITED)

	THIRTEEN WEEKS ENDED	
	MARCH 26, 2017	MARCH 27, 2016
Cash flows used in financing activities:		
Proceeds from issuance of long-term debt, net	$ —	$ 294,699
Defeasance, extinguishment and modification of debt	—	(478,906)
Repayments of long-term debt	(42,878)	(9,991)
Proceeds from borrowings on revolving credit facilities, net	115,500	308,500
Repayments of borrowings on revolving credit facilities	(160,500)	(133,000)
Proceeds from failed sale-leaseback transactions, net	5,942	—
Proceeds (payment of taxes) from the exercise of share-based compensation	230	(1,101)
Distributions to noncontrolling interests	(2,013)	(2,025)
Contributions from noncontrolling interests	339	326
Purchase of limited partnership and noncontrolling interests	(3,158)	(4,828)
Repayments of partner deposits and accrued partner obligations	(6,367)	(4,975)
Repurchase of common stock	(53,196)	(75,176)
Excess tax benefit from stock-based compensation	—	81
Cash dividends paid on common stock	(8,254)	(8,238)
Net cash used in financing activities	(154,355)	(114,634)
Effect of exchange rate changes on cash and cash equivalents	1,740	(1,041)
Net decrease in cash and cash equivalents	(28,793)	(3,503)
Cash and cash equivalents as of the beginning of the period	127,176	132,337
Cash and cash equivalents as of the end of the period	$ 98,383	$ 128,834
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 8,334	$ 13,050
Cash paid for income taxes, net of refunds	4,906	3,551
Supplemental disclosures of non-cash investing and financing activities:		
Change in acquisition of property, fixtures and equipment included in accounts payable or capital lease liabilities	$ (4,139)	$ 7,669
Purchase of noncontrolling interest included in accrued and other current liabilities	—	(2,249)

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

BLOOMIN' BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Description of the Business and Basis of Presentation

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

Basis of Presentation - The accompanying interim unaudited consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles in the United States ("U.S. GAAP") for complete financial statements. In the opinion of the Company, all adjustments necessary for fair financial statement presentation for the periods presented have been included and are of a normal, recurring nature. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. These financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 25, 2016.

Recently Adopted Financial Accounting Standards - Effective December 26, 2016, the Company adopted Accounting Standards Update ("ASU") 2016-09: "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting" ("ASU No. 2016-09"). ASU No. 2016-09 simplifies several aspects related to the accounting for share-based payment transactions, including the accounting for income taxes, statutory tax withholding requirements and classification on the statement of cash flows. Upon adoption, the Company made an accounting policy election to recognize forfeitures as they occur. Using the modified retrospective transition method required under the standard, the Company recorded a cumulative-effect adjustment for the adoption of ASU 2016-09 of $14.4 million for previously unrecognized excess tax benefits, which increased Deferred tax assets and reduced Accumulated deficit. The recognition of excess tax benefits and tax shortfalls in the income statement and presentation of excess tax benefits on the statement of cash flows were adopted prospectively, with no adjustments made to prior periods. The remaining provisions of ASU 2016-09 did not have a material impact on the Company's Consolidated Financial Statements.

Recently Issued Financial Accounting Standards Not Yet Adopted - In January 2017, the Financial Accounting Standards Board ("the FASB") issued ASU No. 2017-04, " Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment," ("ASU No. 2017-04"). ASU No. 2017-04 eliminates the second step of goodwill impairment, which requires a hypothetical purchase price allocation. Under ASU No. 2017-04, goodwill impairment will be calculated as the amount a reporting unit's carrying value exceeds its calculated fair value. ASU No. 2017-04 will be applied prospectively and is effective for the Company in fiscal year 2020, with early adoption permitted. The Company does not expect the adoption of ASU No. 2017-04 to have a material impact on its Consolidated Financial Statements.

In January 2017, the FASB issued ASU No. 2017-01, "Business Combinations - Clarifying the Definition of a Business," ("ASU No. 2017-01"). ASU No. 2017-01 clarifies the definition of a business when evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects various areas of accounting including acquisitions, disposals, goodwill, and consolidation. ASU No. 2017-01 is effective for the Company in fiscal year 2018 and is not expected to have an impact on the Company's Consolidated Financial Statements.

In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows (Topic 230), Restricted Cash" ("ASU No. 2016-18"). ASU No. 2016-18 provides guidance on the presentation of restricted cash and restricted cash equivalents, which should now be included with cash and cash equivalents when reconciling the beginning and ending cash amounts shown on the Statements of Cash Flows. ASU No. 2016-18 will be effective for the Company in fiscal year 2018, with early adoption permitted. Other than the change in presentation of restricted cash within the Statement of Cash Flows, the adoption of ASU No. 2016-18 is not expected to have a material impact on the Company's Consolidated Financial Statements.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments ("ASU No. 2016-15") which provides guidance on the statement of cash flows presentation of certain transactions where diversity in practice exists. ASU No. 2016-15 will be effective for the Company in fiscal year 2018, and early adoption is permitted. The Company does not expect ASU No. 2016-15 to have a material impact on its Consolidated Financial Statements.

In February 2016, the FASB issued ASU No. 2016-02: "Leases (Topic 842)" ("ASU No. 2016-02"). 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. 2016-02 is effective for the Company in fiscal year 2019 and must be adopted using a modified retrospective approach. The Company is currently evaluating the impact the adoption of ASU No. 2016-02 will have on its Consolidated Financial Statements.

In May 2014, the FASB issued ASU No. 2014-09 "Revenue Recognition (Topic 606), Revenue from Contracts with Customers" ("ASU No. 2014-09"). ASU No. 2014-09 provides a single source of guidance for revenue arising from contracts with customers and supersedes current revenue recognition standards. Under ASU No. 2014-09, revenue is recognized in an amount that reflects the consideration an entity expects to receive for the transfer of goods and services. ASU No. 2014-09, as amended, will be effective for the Company in fiscal year 2018 and is applied retrospectively to each period presented or as a cumulative-effect adjustment at the date of adoption.

While the Company continues to assess all potential impacts of the standard, it currently believes the most significant impact relates to accounting for breakage and advertising fees charged to franchisees. Under the new standard, the Company expects to recognize breakage proportional to actual gift card redemptions. Advertising fees charged to franchisees, which are currently recorded as a reduction to Other restaurant operating expenses, will be recognized as Franchise and other revenues. In addition, initial franchise fees will be recognized over the term of the franchise agreement, which is not expected to have a material impact on the Consolidated Financial Statements.

Recent accounting guidance not discussed above is not applicable, did not have, or is not expected to have a material impact to the Company.

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

2. Disposals

Assets Held for Sale - In February 2017, the Company signed purchase agreements with multiple buyers to sell 54 of its existing U.S. Company-owned Outback Steakhouse and Carrabba's Italian Grill locations for $37.6 million. The Company completed the sale of these restaurants in the second quarter of 2017. After the completion of the sale, these restaurant locations are operated as franchises under agreements with the buyers.

BLOOMIN' BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) - Continued

Following are the assets and liabilities related to the 54 Outback Steakhouse and Carrabba's Italian Grill locations classified as held for sale as of March 26, 2017:

(dollars in thousands)	MARCH 26, 2017
Assets	
Current assets, net	$ 1,704
Property, fixtures and equipment, net	31,774
Goodwill	1,677
Other assets, net	2,143
Total assets (1)	$ 37,298
Liabilities	
Accrued and other current liabilities	$ 217
Deferred rent	3,230
Long-term debt, net (2)	5,942
Other long-term liabilities, net	3,620
Total liabilities (1)	$ 13,009

(1) Certain assets and liabilities are classified as non-current in the Consolidated Balance Sheet as of March 26, 2017, since net proceeds from the sale will be used to make a payment on the revolving credit facility, which is classified as a non-current liability.

(2) Includes a financing obligation related to the sale of a restaurant property that does not qualify for sale-leaseback accounting. See Footnote 7 - *Property, Fixtures and Equipment, Net* for additional details regarding the sale-leaseback transactions.

Following are the components of the Consolidated Statements of Operations and Comprehensive Income for the Outback Steakhouse and Carrabba's Italian Grill locations classified as held for sale as of March 26, 2017:

	THIRTEEN WEEKS ENDED	
(dollars in thousands)	MARCH 26, 2017	MARCH 27, 2016
Income before income taxes	$ 3,495	$ 3,797

Outback Steakhouse South Korea - In 2016, the Company completed the sale of its Outback Steakhouse subsidiary in South Korea ("Outback Steakhouse South Korea"). Following are the components of Outback Steakhouse South Korea included in the Consolidated Statements of Operations and Comprehensive Income for the following period:

	THIRTEEN WEEKS ENDED
(dollars in thousands)	MARCH 27, 2016
Income before income taxes	$ 4,007

BLOOMIN' BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) - Continued

3. Impairments and Exit Costs

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

	THIRTEEN WEEKS ENDED	
(dollars in thousands)	**MARCH 26, 2017**	**MARCH 27, 2016**
Impairment losses		
U.S.	$ 920	$ —
Total impairment losses	$ 920	$ —
Restaurant closure expenses		
U.S.	$ 18,156	$ 3,628
International	—	(464)
Total restaurant closure expenses	$ 18,156	$ 3,164
Provision for impaired assets and restaurant closings	$ 19,076	$ 3,164

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

	THIRTEEN WEEKS ENDED	
(dollars in thousands)	**MARCH 26, 2017**	**MARCH 27, 2016**
Impairment, facility closure and other expenses		
2017 Closure Initiative (1)	$ 17,447	$ —
Bonefish Restructuring (2)	809	3,573
International Restaurant Closure Initiative (3)	—	(462)
Provision for impaired assets and restaurant closings	$ 18,256	$ 3,111
Severance and other expenses		
2017 Closure Initiative (1)	$ 2,182	$ —
Bonefish Restructuring (2)	—	575
International Restaurant Closure Initiative (3)	—	23
General and administrative	$ 2,182	$ 598
Reversal of deferred rent liability		
2017 Closure Initiative (1)	$ (4,941)	$ —
Bonefish Restructuring (2)	—	(1,925)
Other restaurant operating	$ (4,941)	$ (1,925)
	$ 15,497	$ 1,784

(1) On February 15, 2017, the Company decided to close 43 underperforming restaurants (the "2017 Closure Initiative"). Most of these restaurants will close in 2017, with the balance closing as leases and certain operating covenants expire or are amended or waived. Expenses related to the 2017 Closure Initiative for the thirteen weeks ended March 26, 2017, are recognized within the U.S. segment.

(2) On February 12, 2016, the Company decided to close 14 Bonefish Grill restaurants ("Bonefish Restructuring"). The Company expects to substantially complete these restaurant closings through the first quarter of 2019. Expenses related to the Bonefish Restructuring are recognized within the U.S. segment.

(3) During 2014, the Company decided to close 36 underperforming international locations, primarily in South Korea (the "International Restaurant Closure Initiative").

The remaining restaurant impairment and closing charges resulted from the carrying value of a restaurant's assets exceeding its estimated fair market value, primarily due to locations identified for relocation.

Projected Future Expenses and Cash Expenditures - The Company currently expects to incur additional charges for the 2017 Closure Initiative and Bonefish Restructuring over the next two to three years, including costs associated with lease obligations, employee terminations and other closure-related obligations. Following is a summary of estimated pre-tax expense by type:

Estimated future expense **(dollars in millions)**	**2017 CLOSURE INITIATIVE**			**BONEFISH RESTRUCTURING**		
Lease related liabilities, net of subleases	$ 4.0	to	$ 5.7	$ 2.0	to	$ 5.1
Employee severance and other obligations	0.5	to	0.8	0.3	to	0.6
Total estimated future expense	$ 4.5	to	$ 6.5	$ 2.3	to	$ 5.7
Total estimated future cash expenditures (dollars in millions)	$ 30.4		$ 34.6	$ 10.1	to	$ 12.3

Total future undiscounted cash expenditures for the 2017 Closure Initiative and Bonefish Restructuring, primarily related to lease liabilities, are expected to occur over the remaining lease terms with the final term ending in January 2029 and October 2024, respectively.

Accrued Facility Closure and Other Costs Rollforward - The following table summarizes the Company's accrual activity related to facility closure and other costs, primarily associated with the 2017 Closure Initiative, Bonefish Restructuring and Domestic and International Restaurant Closure Initiatives, during the thirteen weeks ended March 26, 2017:

(dollars in thousands)	**THIRTEEN WEEKS ENDED MARCH 26, 2017**
Beginning of the period	$ 6,557
Charges	18,467
Cash payments	(2,338)
Adjustments	(311)
End of the period (1)	$ 22,375

(1) As of March 26, 2017, the Company had exit-related accruals of $7.2 million recorded in Accrued and other current liabilities and $15.2 million recorded in Other long-term liabilities, net in the Consolidated Balance Sheet.

BLOOMIN' BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) - Continued

4. Earnings Per Share

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

(in thousands, except per share data)	THIRTEEN WEEKS ENDED MARCH 26, 2017	THIRTEEN WEEKS ENDED MARCH 27, 2016
Net income attributable to Bloomin' Brands	$ 43,910	$ 34,475
Basic weighted average common shares outstanding	103,074	117,930
Effect of diluted securities:		
Stock options	2,933	2,653
Nonvested restricted stock and restricted stock units	354	188
Nonvested performance-based share units	52	5
Diluted weighted average common shares outstanding	106,413	120,776
Basic earnings per share	$ 0.43	$ 0.29
Diluted earnings per share	$ 0.41	$ 0.29

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

(in thousands)	THIRTEEN WEEKS ENDED MARCH 26, 2017	THIRTEEN WEEKS ENDED MARCH 27, 2016
Stock options	5,566	4,224
Nonvested restricted stock and restricted stock units	191	393
Nonvested performance-based share units	371	—

5. Stock-based Compensation Plans

The Bloomin' Brands, Inc. 2016 Omnibus Incentive Compensation Plan (the "2016 Incentive Plan") permits the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards and other cash-based or stock-based awards to Company management, other key employees, consultants and directors. As of March 26, 2017, the maximum number of shares of common stock available for issuance pursuant to the 2016 Incentive Plan was 4,046,425.

The Company recognized stock-based compensation expense as follows:

(dollars in thousands)	THIRTEEN WEEKS ENDED MARCH 26, 2017	THIRTEEN WEEKS ENDED MARCH 27, 2016
Stock options	$ 2,755	$ 2,718
Restricted stock and restricted stock units	2,553	2,044
Performance-based share units	416	885
	$ 5,724	$ 5,647

During the thirteen weeks ended March 26, 2017, the Company made grants to its employees of 1.1 million stock options, 0.5 million time-based restricted stock units and 0.3 million performance-based share units.

BLOOMIN' BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued

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

	THIRTEEN WEEKS ENDED	
	MARCH 26, 2017	MARCH 27, 2016
Assumptions:		
Weighted-average risk-free interest rate (1)	1.93%	1.31%
Dividend yield (2)	1.85%	1.61%
Expected term (3)	6.3 years	6.1 years
Weighted-average volatility (4)	33.74%	35.21%
Weighted-average grant date fair value per option	$ 5.05	$ 5.21

(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 simplified method of estimating the expected term is used since the Company does not have significant historical exercise experience for its stock options.
(4) Volatility is based on the historical volatilities of the Company's stock and the stock of comparable peer companies.

The following represents unrecognized stock compensation expense and the remaining weighted-average vesting period as of March 26, 2017:

	UNRECOGNIZED COMPENSATION EXPENSE (dollars in thousands)	REMAINING WEIGHTED-AVERAGE VESTING PERIOD (in years)
Stock options	$ 23,176	2.6
Restricted stock and restricted stock units	$ 27,308	2.9
Performance-based share units	$ 7,278	2.0

6. Other Current Assets, Net

Other current assets, net, consisted of the following:

(dollars in thousands)	MARCH 26, 2017	DECEMBER 25, 2016
Prepaid expenses	$ 20,669	$ 35,298
Accounts receivable - gift cards, net	11,534	102,664
Accounts receivable - vendors, net	5,402	10,107
Accounts receivable - franchisees, net	2,242	1,677
Accounts receivable - other, net	27,679	20,497
Assets held for sale	3,732	1,331
Other current assets, net	18,592	18,652
	$ 89,850	$ 190,226

7. Property, Fixtures and Equipment, Net

During the thirteen weeks ended March 26, 2017, the Company entered into sale-leaseback transactions with third-parties in which it sold 11 restaurant properties at fair market value for gross proceeds of $40.1 million. In connection with the sale-leaseback transactions, the Company recorded deferred gains of $10.7 million, which are amortized to Other restaurant operating expense in the Consolidated Statements of Operations and Comprehensive Income over the initial term of each lease, ranging from 10 to 15 years.

During the thirteen weeks ended March 26, 2017, the Company sold one restaurant property to a third party for gross proceeds of $6.0 million. The sale of this property does not qualify for sale-leaseback accounting and the book value of the building and land was not removed from the Company's Consolidated Balance Sheet. See Note 2 - *Disposals* for additional details regarding the financing obligation.

8. Goodwill, Net

The following table is a rollforward of goodwill:

(dollars in thousands)	U.S.	INTERNATIONAL	CONSOLIDATED
Balance as of December 25, 2016	$ 172,424	$ 137,631	$ 310,055
Translation adjustments	—	8,120	8,120
Transfer to Assets held for sale	(1,677)	—	(1,677)
Balance as of March 26, 2017	$ 170,747	$ 145,751	$ 316,498

9. Long-term Debt, Net

Following is a summary of outstanding long-term debt:

	MARCH 26, 2017		DECEMBER 25, 2016	
(dollars in thousands)	OUTSTANDING BALANCE	INTEREST RATE	OUTSTANDING BALANCE	INTEREST RATE
Senior Secured Credit Facility:				
Term loan A (1)	$ 253,125	2.82%	$ 258,750	2.63%
Term loan A-1	137,813	2.95%	140,625	2.70%
Revolving credit facility (1)	577,000	2.89%	622,000	2.67%
Total Senior Secured Credit Facility	$ 967,938		$ 1,021,375	
PRP Mortgage Loan (2)	13,670	3.45%	47,202	3.21%
Financing obligations	19,591	7.45% to 7.60%	19,595	7.45% to 7.60%
Capital lease obligations	2,276		2,364	
Other notes payable	1,000	0.00% to 2.18%	1,776	0.00% to 7.00%
Less: unamortized debt discount and issuance costs	(2,099)		(2,827)	
	$ 1,002,376		$ 1,089,485	
Less: current portion of long-term debt, net	(48,756)		(35,079)	
Long-term debt, net	$ 953,620		$ 1,054,406	

(1) Represents the weighted-average interest rate for the respective period.
(2) In April 2017, the Company paid the remaining balance on its PRP Mortgage Loan.

Debt Covenants - As of March 26, 2017 and December 25, 2016, the Company was in compliance with its debt covenants.

10. Redeemable Noncontrolling Interests

The Company consolidates subsidiaries in which it has noncontrolling interests that are permitted to deliver subsidiary shares in exchange for cash at a future date. The following table presents a rollforward of Redeemable noncontrolling interests during the thirteen weeks ended March 26, 2017 and March 27, 2016:

	THIRTEEN WEEKS ENDED	
(dollars in thousands)	MARCH 26, 2017	MARCH 27, 2016
Balance, beginning of period	$ 547	$ 23,526
Foreign currency translation attributable to Redeemable noncontrolling interests	5	692
Net (loss) income attributable to Redeemable noncontrolling interests	(55)	311
Purchase of Redeemable noncontrolling interests	—	(3,522)
Balance, end of period	$ 497	$ 21,007

11. Stockholders' Equity

Share Repurchases - Following is a summary of the shares repurchased under the Company's share repurchase program during fiscal year 2017:

	NUMBER OF SHARES (in thousands)	AVERAGE REPURCHASE PRICE PER SHARE	AMOUNT (dollars in thousands)
First fiscal quarter (1)(2)	2,887	$ 18.37	$ 53,053

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(1) On July 26, 2016, the Board of Directors ("the Board") approved a new $300.0 million authorization (the "July 2016 Share Repurchase Program").

(2) Excludes the repurchase of 1.3 million shares for $24.7 million pursuant to trades executed in, but not settled until after, the thirteen weeks ended March 26, 2017.

On April 21, 2017, the Board canceled the remaining $52.3 million of authorization under the July 2016 Share Repurchase Program and approved a new $250.0 million authorization (the "2017 Share Repurchase Program"). The 2017 Share Repurchase Program will expire on October 21, 2018.

Dividends - The Company declared and paid dividends per share during fiscal year 2017 as follows:

	DIVIDENDS PER SHARE	AMOUNT (dollars in thousands)
First fiscal quarter	$ 0.08	$ 8,254

In April 2017, the Board declared a quarterly cash dividend of $0.08 per share, payable on May 19, 2017, to shareholders of record at the close of business on May 8, 2017.

Accumulated Other Comprehensive Loss - Following are the components of Accumulated other comprehensive loss ("AOCL"):

(dollars in thousands)	MARCH 26, 2017	DECEMBER 25, 2016
Foreign currency translation adjustment	$ (86,932)	$ (107,509)
Unrealized losses on derivatives, net of tax	(2,749)	(3,634)
Accumulated other comprehensive loss	$ (89,681)	$ (111,143)

BLOOMIN' BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) - Continued

Following are the components of Other comprehensive income (loss) during the periods presented:

	THIRTEEN WEEKS ENDED	
(dollars in thousands)	**MARCH 26, 2017**	**MARCH 27, 2016**
Bloomin' Brands:		
Foreign currency translation adjustment	$ 20,577	$ (7,983)
Unrealized gain (loss) on derivatives, net of tax (1)	$ 101	$ (2,735)
Reclassification of adjustment for loss on derivatives included in Net income, net of tax (2)	784	988
Total unrealized gain (loss) on derivatives, net of tax	$ 885	$ (1,747)
Other comprehensive income (loss) attributable to Bloomin' Brands	$ 21,462	$ (9,730)
Non-controlling interests:		
Foreign currency translation adjustment	$ (93)	$ 6
Other comprehensive (loss) income attributable to Non-controlling interests	$ (93)	$ 6
Redeemable non-controlling interests:		
Foreign currency translation adjustment	$ 5	$ 692
Other comprehensive income attributable to Redeemable non-controlling interests	$ 5	$ 692

(1) Unrealized loss on derivatives is net of tax of ($0.1) million and $1.7 million for the thirteen weeks ended March 26, 2017 and March 27, 2016, respectively.
(2) Reclassifications of adjustments for losses on derivatives are net of tax of $0.5 million and $0.6 million for the thirteen weeks ended March 26, 2017 and March 27, 2016, respectively.

12. Derivative Instruments and Hedging Activities

Interest Rate Risk - The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company manages economic risks, including interest rate risk, 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 add stability to interest expense and to manage its exposure to interest rate movements. To accomplish these objectives, the Company primarily uses interest rate swaps.

Currency Exchange Rate Risk - The Company is exposed to foreign currency exchange rate risk arising from transactions and balances denominated in currencies other than the U.S. dollar. The Company may use foreign currency forward contracts to manage certain foreign currency exposures.

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 swap agreements have an aggregate notional amount of $400.0 million, a start date of June 30, 2015, and mature on May 16, 2019. Under the terms of the swap agreements, the Company pays a weighted-average fixed rate of 2.02% on the $400.0 million notional amount and receives payments from the counterparty based on the 30-day LIBOR rate.

The interest rate swaps, which have been designated and qualify as a cash flow hedge, are recognized on the Company's Consolidated Balance Sheets at fair value and are classified based on the instruments' maturity dates. Fair value changes in the interest rate swaps are recognized in AOCL for all effective portions. Balances in AOCL are subsequently reclassified to earnings in the same period that the hedged interest payments affect earnings. The Company estimates $3.3 million will be reclassified to interest expense over the next twelve months.

BLOOMIN' BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued

The following table presents the fair value, accrued interest and classification of the Company's interest rate swaps:

(dollars in thousands)	MARCH 26, 2017	DECEMBER 25, 2016	CONSOLIDATED BALANCE SHEET CLASSIFICATION
Interest rate swaps - liability	$ 3,081	$ 3,968	Accrued and other current liabilities
Interest rate swaps - liability	1,457	1,999	Other long-term liabilities, net
Total fair value of derivative instruments (1)	$ 4,538	$ 5,967	
Accrued interest	$ 372	$ 408	Accrued and other current liabilities

(1) See Note 13 - *Fair Value Measurements* for fair value discussion of the interest rate swaps.

The following table summarizes the effects of the interest rate swap on Net income for the thirteen weeks ended March 26, 2017 and March 27, 2016:

	THIRTEEN WEEKS ENDED	
(dollars in thousands)	MARCH 26, 2017	MARCH 27, 2016
Interest rate swap expense recognized in Interest expense, net (1)	$ (1,265)	$ (1,614)
Income tax benefit recognized in Provision for income taxes	481	626
Total effects of the interest rate swaps on Net income	$ (784)	$ (988)

(1) During the thirteen weeks ended March 26, 2017 and March 27, 2016, the Company did not recognize any gain or loss as a result of hedge ineffectiveness.

The Company records its derivatives on the Consolidated Balance Sheets on a gross balance basis. The Company's derivatives are subject to master netting arrangements. As of March 26, 2017, 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 March 26, 2017, 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 March 26, 2017 and December 25, 2016, the fair value of the Company's interest rate swaps in a net liability position, including accrued interest but excluding any adjustment for nonperformance risk, was $4.9 million and $6.4 million, respectively. As of March 26, 2017 and December 25, 2016, the Company has not posted any collateral related to these agreements. If the Company had breached any of these provisions as of March 26, 2017 and December 25, 2016, it could have been required to settle its obligations under the agreements at their termination value of $4.9 million and $6.4 million, respectively.

13. Fair Value Measurements

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

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

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 March 26, 2017 and December 25, 2016:

	MARCH 26, 2017			DECEMBER 25, 2016		
(dollars in thousands)	**TOTAL**	**LEVEL 1**	**LEVEL 2**	**TOTAL**	**LEVEL 1**	**LEVEL 2**
Assets:						
Cash equivalents:						
Fixed income funds	$ 88	$ 88	$ —	$ 90	$ 90	$ —
Money market funds	15,946	15,946	—	18,607	18,607	—
Restricted cash equivalents:						
Fixed income funds	553	553	—	552	552	—
Money market funds	252	252	—	2,518	2,518	—
Total asset recurring fair value measurements	$ 16,839	$ 16,839	$ —	$ 21,767	$ 21,767	$ —
Liabilities:						
Accrued and other current liabilities:						
Derivative instruments - interest rate swaps	$ 3,081	$ —	$ 3,081	$ 3,968	$ —	$ 3,968
Derivative instruments - commodities	171	—	171	157	—	157
Other long-term liabilities:						
Derivative instruments - interest rate swaps	1,457	—	1,457	1,999	—	1,999
Total liability recurring fair value measurements	$ 4,709	$ —	$ 4,709	$ 6,124	$ —	$ 6,124

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 and commodities. 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 incorporates credit valuation adjustments to reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. As of March 26, 2017 and December 25, 2016, the Company has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives.

BLOOMIN' BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued

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

	THIRTEEN WEEKS ENDED MARCH 26, 2017	
(dollars in thousands)	CARRYING VALUE (1)	TOTAL IMPAIRMENT
Assets held for sale	$ 400	$ 70
Property, fixtures and equipment	1,067	850
	$ 1,467	$ 920

(1) Carrying value approximates fair value with all assets measured using third-party market appraisals (Level 2).

Interim Disclosures about Fair Value of Financial Instruments - The Company's non-derivative financial instruments as of March 26, 2017 and December 25, 2016 consist of cash equivalents, restricted cash, accounts receivable, accounts payable and current and long-term debt. The fair values of cash equivalents, restricted cash, accounts receivable and accounts payable approximate their carrying amounts reported in the Consolidated Balance Sheets due to their short duration.

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 March 26, 2017 and December 25, 2016:

	MARCH 26, 2017			DECEMBER 25, 2016		
		FAIR VALUE			FAIR VALUE	
(dollars in thousands)	CARRYING VALUE	LEVEL 2	LEVEL 3	CARRYING VALUE	LEVEL 2	LEVEL 3
Senior Secured Credit Facility:						
Term loan A	$ 253,125	$ 252,176	$ —	$ 258,750	$ 257,780	$ —
Term loan A-1	137,813	137,296	—	140,625	140,098	—
Revolving credit facility	577,000	572,673	—	622,000	617,335	—
PRP Mortgage Loan	13,670	—	13,670	47,202	—	47,202
Other notes payable	1,000	—	981	1,776	—	1,659

Fair value of debt is determined based on the following:

DEBT FACILITY	METHODS AND ASSUMPTIONS
Senior Secured Credit Facility	Quoted market prices in inactive markets.
PRP Mortgage Loan	Assumptions derived from current conditions in the real estate and credit markets, changes in the underlying collateral and expectations of management.
Other notes payable	Discounted cash flow approach. Discounted cash flow inputs primarily include cost of debt rates, which are used to derive the present value factors for the determination of fair value.

BLOOMIN' BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued

14. Income Taxes

	THIRTEEN WEEKS ENDED	
	MARCH 26, 2017	MARCH 27, 2016
Effective income tax rate	25.1%	24.0%

The net increase in the effective income tax rate for the thirteen weeks ended March 26, 2017, was primarily due to the change in the blend of taxable income across the Company's U.S. and international subsidiaries and the change in employment related credits as a percentage of income.

15. Commitments and Contingencies

Litigation and Other Matters - The Company had $5.9 million and $3.5 million of liabilities recorded for various legal matters as of March 26, 2017 and December 25, 2016, respectively.

In November 2015, David Sears and Elizabeth Thomas, two former Outback Steakhouse managers ("Manager Plaintiffs"), sent a demand letter seeking unpaid overtime compensation on behalf of all managers and kitchen managers employed at Outback Steakhouse restaurants from November 2012 to present. The Manager Plaintiffs claim that managers were not assigned sufficient management duties to qualify as exempt from overtime. In December 2016, the Company agreed to a tentative class settlement for eligible kitchen managers and has accrued a settlement, inclusive of legal fees, of $2.4 million.

In addition, the Company is subject to legal proceedings, claims and liabilities, such as liquor liability, sexual harassment and slip and fall cases, 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.

16. Segment Reporting

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

SEGMENT	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 Carrabba's Italian Grill (Abbraccio)	Brazil, Hong Kong, China Brazil

Segment accounting policies are the same as those described in Note 2 - *Summary of Significant Accounting Policies* in the Company's Annual Report on Form 10-K for the year ended December 25, 2016. Revenues for all segments include only transactions with customers and include no intersegment revenues. Excluded from net income from operations for U.S. and International are certain legal and corporate costs not directly related to the performance of the segments, stock-based compensation expenses and certain bonus expenses.

The following table is a summary of Total revenue by segment:

(dollars in thousands)	THIRTEEN WEEKS ENDED MARCH 26, 2017	THIRTEEN WEEKS ENDED MARCH 27, 2016
Total revenues		
U.S.	$ 1,032,618	$ 1,043,779
International	111,205	120,409
Total revenues	$ 1,143,823	$ 1,164,188

The following table is a reconciliation of Segment income from operations to Income before provision for income taxes:

(dollars in thousands)	THIRTEEN WEEKS ENDED MARCH 26, 2017	THIRTEEN WEEKS ENDED MARCH 27, 2016
Segment income from operations		
U.S.	$ 100,946	$ 117,839
International	8,802	11,349
Total segment income from operations	109,748	129,188
Unallocated corporate operating expense	(40,618)	(42,504)
Total income from operations	69,130	86,684
Loss on defeasance, extinguishment and modification of debt	—	(26,580)
Other expense, net	(51)	(19)
Interest expense, net	(9,141)	(12,875)
Income before provision for income taxes	$ 59,938	$ 47,210

The following table is a summary of Depreciation and amortization expense by segment:

(dollars in thousands)	THIRTEEN WEEKS ENDED MARCH 26, 2017	THIRTEEN WEEKS ENDED MARCH 27, 2016
Depreciation and amortization		
U.S.	$ 36,600	$ 38,202
International	6,500	6,547
Corporate	3,490	2,902
Total depreciation and amortization	$ 46,590	$ 47,651

BLOOMIN' BRANDS, INC.

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

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

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

Cautionary Statement

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

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Although we base these forward-looking statements on assumptions that we believe are reasonable when made, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and industry developments may differ materially from statements made in or suggested by the forward-looking statements contained in this Report. In addition, even if our results of operations, financial condition and liquidity, and industry developments are consistent with the forward-looking statements contained in this Report, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause actual results to differ materially from statements made or suggested by forward-looking statements include, but are not limited to, the following:

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

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

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

(iv) 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;

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

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

(vii) Our ability to implement our expansion, remodeling and relocation 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;

(viii) Our ability to protect our information technology systems from interruption or security breach and to protect consumer data and personal employee information;

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

(x) Our ability to preserve and grow the reputation and value of our brands;

(xi) Seasonal and periodic fluctuations in our results and the effects of significant adverse weather conditions and other disasters or unforeseen events;

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

(xiii) Strategic actions, including acquisitions and dispositions, and our success in integrating any newly acquired or newly created businesses.

(xiv) 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;

(xv) The adequacy of our cash flow and earnings and other conditions which may affect our ability to pay dividends and repurchase shares of our common stock; and

(xvi) Such other factors as discussed in Part I, Item IA. Risk Factors of our Annual Report on Form 10-K for the year ended December 25, 2016.

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.

Overview

We are one of the largest casual dining restaurant companies in the world with a portfolio of leading, differentiated restaurant concepts. As of March 26, 2017, we owned and operated 1,242 restaurants and franchised 244 restaurants across 48 states, Puerto Rico, Guam and 20 countries. We have four founder-inspired concepts: Outback Steakhouse, Carrabba's Italian Grill, Bonefish Grill and Fleming's Prime Steakhouse & Wine Bar.

Executive Summary

Our financial results for the thirteen weeks ended March 26, 2017 ("first quarter of 2017") include the following:

- A decrease in total revenues of 1.7% to $1.1 billion in the first quarter of 2017, as compared to the first quarter of 2016, was primarily due to the sale of Outback Steakhouse South Korea in 2016, partially offset by the effect of foreign currency translation and the net benefit of new restaurant openings and closings.

- Income from operations of $69.1 million in the first quarter of 2017, as compared to $86.7 million in the first quarter of 2016, decreased primarily due to restaurant closing costs related to the 2017 Closure Initiative and lower operating margin at the restaurant-level, partially offset by lower general and administrative expense.

Following is a summary of significant actions we have taken and other factors that impacted our operating results and liquidity to date in 2017:

Sale-leaseback Transactions - During the thirteen weeks ended March 26, 2017, we entered into sale-leaseback transactions with third-parties in which we sold 12 restaurant properties at fair market value for gross proceeds of $46.1 million.

Share Repurchase Programs - We repurchased 4.2 million shares of common stock year-to-date for a total of $77.7 million. On April 21, 2017, the Board canceled the remaining $52.3 million of authorization under the July 2016 Share Repurchase Program and approved a new $250.0 million authorization. The 2017 Share Repurchase Program will expire on October 21, 2018.

2017 Closure Initiative - On February 15, 2017, we decided to close 43 underperforming restaurants. Most of these restaurants will close in 2017, with the balance closing as leases and certain operating covenants expire or are amended or waived. See Note 3 - *Impairments and Exit Costs* of our Notes to Consolidated Financial Statements for additional details regarding the 2017 Closure Initiative.

Key Performance Indicators

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

- *Average restaurant unit volumes*—average sales per restaurant to measure changes in customer traffic, pricing and development of the brand;

- *Comparable restaurant sales*—year-over-year comparison of sales volumes for 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;

- *Adjusted restaurant-level operating margin, Adjusted income from operations, Adjusted net income and Adjusted diluted earnings per share*—non-GAAP financial measures utilized to evaluate our operating performance, and for which definitions, usefulness and reconciliations are described in more detail in the "Non-GAAP Financial Measures" section below; and

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

Selected Operating Data

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

Number of restaurants (at end of the period):	**MARCH 26, 2017**	**MARCH 27, 2016**
U.S.		
Outback Steakhouse		
Company-owned	637	649
Franchised	105	105
Total	742	754
Carrabba's Italian Grill		
Company-owned	228	244
Franchised	2	3
Total	230	247
Bonefish Grill		
Company-owned	196	205
Franchised	7	6
Total	203	211
Fleming's Prime Steakhouse & Wine Bar		
Company-owned	67	66
International		
Company-owned		
Outback Steakhouse - Brazil (1)	83	76
Outback Steakhouse - South Korea	—	74
Other	31	17
Franchised		
Outback Steakhouse - South Korea	75	—
Other	55	57
Total	244	224
System-wide total	1,486	1,502

(1) The restaurant counts for Brazil are reported as of February 28, 2017 and February 29, 2016, 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 and Comprehensive Income in relation to Total revenues or Restaurant sales, as indicated:

	THIRTEEN WEEKS ENDED	
	MARCH 26, 2017	MARCH 27, 2016
Revenues		
Restaurant sales	99.3 %	99.5 %
Other revenues	0.7	0.5
Total revenues	100.0	100.0
Costs and expenses		
Cost of sales (1)	32.1	32.4
Labor and other related (1)	28.6	27.9
Other restaurant operating (1)	21.8	21.9
Depreciation and amortization	4.1	4.1
General and administrative	6.3	6.4
Provision for impaired assets and restaurant closings	1.7	0.3
Total costs and expenses	94.0	92.6
Income from operations	6.0	7.4
Loss on defeasance, extinguishment and modification of debt	—	(2.3)
Other expense, net	(*)	(*)
Interest expense, net	(0.8)	(1.0)
Income before provision for income taxes	5.2	4.1
Provision for income taxes	1.3	1.0
Net income	3.9	3.1
Less: net income attributable to noncontrolling interests	0.1	0.1
Net income attributable to Bloomin' Brands	3.8 %	3.0 %

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

RESTAURANT SALES

Following is a summary of the change in Restaurant sales for the thirteen weeks ended March 26, 2017:

(dollars in millions)	THIRTEEN WEEKS ENDED
For the period ending March 27, 2016	$ 1,158.1
Change from:	
Divestitures	(42.0)
Restaurant closings	(18.3)
Comparable restaurant sales	(0.5)
Restaurant openings	20.2
Effect of foreign currency translation	18.0
For the period ending March 26, 2017	$ 1,135.5

The decrease in Restaurant sales in the thirteen weeks ended March 26, 2017 was primarily attributable to: (i) the sale of Outback Steakhouse South Korea restaurants in July 2016 and (ii) the closing of 56 restaurants since December 27, 2015. The decrease in restaurant sales was partially offset by: (i) the opening of 53 new restaurants not included in our comparable restaurant sales base and (ii) the effect of foreign currency translation, due to the appreciation of the Brazil Real.

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):

	THIRTEEN WEEKS ENDED	
	MARCH 26, 2017	MARCH 27, 2016
Year over year percentage change:		
Comparable restaurant sales (stores open 18 months or more) (1):		
U.S.		
Outback Steakhouse	1.4 %	(1.3)%
Carrabba's Italian Grill	(3.8)%	(2.0)%
Bonefish Grill	(0.8)%	(2.7)%
Fleming's Prime Steakhouse & Wine Bar	(2.9)%	1.3 %
Combined U.S.	(0.2)%	(1.5)%
International		
Outback Steakhouse - Brazil (2)	3.6 %	8.8 %
Traffic:		
U.S.		
Outback Steakhouse	(2.1)%	(3.0)%
Carrabba's Italian Grill	(7.2)%	1.5 %
Bonefish Grill	(2.2)%	(5.2)%
Fleming's Prime Steakhouse & Wine Bar	(7.5)%	1.2 %
Combined U.S.	(3.3)%	(2.2)%
International		
Outback Steakhouse - Brazil	(1.8)%	0.3 %
Average check per person increases (decreases) (3):		
U.S.		
Outback Steakhouse	3.5 %	1.7 %
Carrabba's Italian Grill	3.4 %	(3.5)%
Bonefish Grill	1.4 %	2.5 %
Fleming's Prime Steakhouse & Wine Bar	4.6 %	0.1 %
Combined U.S.	3.1 %	0.7 %
International		
Outback Steakhouse - Brazil	6.2 %	7.3 %

(1) Comparable restaurant sales exclude the effect of fluctuations in foreign currency rates. Relocated international restaurants closed more than 30 days and relocated U.S. restaurants closed more than 60 days are excluded from comparable restaurant sales until at least 18 months after reopening.
(2) Includes the trading day impact from calendar period reporting of (0.8%) and 1.3% for the thirteen weeks ended March 26, 2017 and March 27, 2016, respectively.
(3) Average check per person increases (decreases) includes the impact of menu pricing changes, product mix and discounts.

BLOOMIN' BRANDS, INC.

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

Average Restaurant Unit Volumes and Operating Weeks

Following is a summary of the average restaurant unit volumes and operating weeks:

	THIRTEEN WEEKS ENDED	
	MARCH 26, 2017	MARCH 27, 2016
Average restaurant unit volumes (dollars in thousands):		
U.S.		
Outback Steakhouse	$ 72,061	$ 70,797
Carrabba's Italian Grill	$ 59,565	$ 61,138
Bonefish Grill	$ 62,987	$ 62,761
Fleming's Prime Steakhouse & Wine Bar	$ 88,402	$ 89,910
International		
Outback Steakhouse - Brazil (1)	$ 85,171	$ 68,036
Operating weeks:		
U.S.		
Outback Steakhouse	8,372	8,444
Carrabba's Italian Grill	3,068	3,172
Bonefish Grill	2,600	2,709
Fleming's Prime Steakhouse & Wine Bar	878	858
International		
Outback Steakhouse - Brazil	1,067	976

(1) Translated at an average exchange rate of 3.23 and 3.96 for the thirteen weeks ended March 26, 2017 and March 27, 2016, respectively.

Franchise and other revenues

	THIRTEEN WEEKS ENDED	
(dollars in millions)	MARCH 26, 2017	MARCH 27, 2016
Franchise revenues	$ 6.6	$ 4.6
Other revenues	1.7	1.5
Franchise and other revenues	$ 8.3	$ 6.1

COSTS AND EXPENSES

Cost of sales

	THIRTEEN WEEKS ENDED		
(dollars in millions)	MARCH 26, 2017	MARCH 27, 2016	Change
Cost of sales	$ 364.7	$ 375.3	
% of Restaurant sales	32.1%	32.4%	(0.3)%

Cost of sales decreased as a percentage of Restaurant sales in the thirteen weeks ended March 26, 2017 as compared to the thirteen weeks ended March 27, 2016. The decrease as a percentage of Restaurant sales was primarily due to: (i) 0.6% from increases in average check per person and (ii) 0.3% from the impact of certain cost savings initiatives. These decreases were partially offset by increases as a percentage of Restaurant sales primarily due to: (i) 0.4% due to investments in portion size and product upgrades and (ii) 0.2% from the timing of our annual managing partner conference.

Labor and other related expenses

	THIRTEEN WEEKS ENDED		
(dollars in millions)	MARCH 26, 2017	MARCH 27, 2016	Change
Labor and other related	$ 324.4	$ 322.8	
% of Restaurant sales	28.6%	27.9%	0.7%

Labor and other related expenses increased as a percentage of Restaurant sales in the thirteen weeks ended March 26, 2017 as compared to the thirteen weeks ended March 27, 2016. The increase as a percentage of Restaurant sales was primarily due to: (i) 1.5% from higher kitchen and service labor costs due to higher wage rates and investments in our service model and (ii) 0.2% due to certain Brazil legal contingencies. These increases were partially offset by decreases as a percentage of Restaurant sales primarily due to: (i) 0.7% from increases in average check per person and (ii) 0.2% from the sale of Outback Steakhouse South Korea in 2016.

Other restaurant operating expenses

	THIRTEEN WEEKS ENDED		
(dollars in millions)	MARCH 26, 2017	MARCH 27, 2016	Change
Other restaurant operating	$ 247.9	$ 253.6	
% of Restaurant sales	21.8%	21.9%	(0.1)%

Other restaurant operating expenses decreased as a percentage of Restaurant sales in the thirteen weeks ended March 26, 2017 as compared to the thirteen weeks ended March 27, 2016. The decrease as a percentage of Restaurant sales was primarily due to: (i) 0.7% from higher advertising expense in 2016 primarily due to the launch of the Carrabba's new menu, (ii) 0.3% from the net impact of the write-off of deferred rent liabilities in connection with certain closure-related initiatives and (iii) 0.2% from the impact of certain cost savings initiatives. These decreases were partially offset by increases as a percentage of Restaurant sales primarily due to: (i) 0.6% from higher net rent expense due to the sale-leaseback of certain properties and (ii) 0.4% from an increase in operating expenses due to inflation.

Depreciation and amortization

	THIRTEEN WEEKS ENDED		
(dollars in millions)	MARCH 26, 2017	MARCH 27, 2016	Change
Depreciation and amortization	$ 46.6	$ 47.7	$ (1.1)

Depreciation and amortization expense decreased in the thirteen weeks ended March 26, 2017 as compared to the thirteen weeks ended March 27, 2016. The decrease was primarily due to: (i) disposal of assets related to the sale-leaseback of certain properties, (ii) the sale of Outback Steakhouse South Korea in July 2016 and (iii) assets impaired in connection with the 2017 Closure Initiative, partially offset by additional depreciation expense related to the opening of new restaurants and the relocation or remodel of existing restaurants.

General and administrative

General and administrative expense includes salaries and benefits, management incentive programs, related payroll tax and benefits, other employee-related costs and professional services. Following is a summary of the change in general and administrative expense for the thirteen weeks ended March 26, 2017:

(dollars in millions)	THIRTEEN WEEKS ENDED
For the period ended March 27, 2016	$ 75.0
Change from:	
Conference expense (1)	(4.4)
Compensation, benefits and payroll tax (2)	(2.2)
Foreign currency exchange (3)	1.4
Other	2.1
For the period ended March 26, 2017	$ 71.9

(1) Conference expense was lower due to the timing of our annual managing partner conference.
(2) Employee compensation, benefits and payroll tax was lower primarily due to lower headcount resulting from the sale of Outback Steakhouse South Korea and the restructuring of certain functions in 2016.
(3) Foreign currency exchange primarily includes appreciation of the Brazil Real.

Provision for impaired assets and restaurant closings

	THIRTEEN WEEKS ENDED		
(dollars in millions)	MARCH 26, 2017	MARCH 27, 2016	Change
Provision for impaired assets and restaurant closings	$ 19.1	$ 3.2	$ 15.9

Restructuring and Restaurant Closure Initiatives - Following is a summary of expenses related to the Closure Initiatives recognized in Provision for impaired assets and restaurant closings in our Consolidated Statements of Operations and Comprehensive Income for the periods indicated:

	THIRTEEN WEEKS ENDED	
(dollars in millions)	MARCH 26, 2017	MARCH 27, 2016
Impairment, facility closure and other expenses		
2017 Closure Initiative (1)	$ 17.5	$ —
Bonefish Restructuring (2)	0.8	3.6
International Restaurant Closure Initiative	—	(0.5)
Impairment, facility closure and other expense for Closure Initiatives	$ 18.3	$ 3.1

(1) On February 15, 2017, we decided to close 43 underperforming restaurants. We expect to incur additional charges of approximately $4.0 million to $5.7 million for the 2017 Closure Initiative over the next three years, including costs associated with lease obligations and other closure related obligations.
(2) In February 2016, we decided to close 14 Bonefish Grill restaurants. We expect to incur additional charges of approximately $2.0 million to $5.1 million for the Bonefish Restructuring over the next two years, including costs associated with lease obligations and other closure related obligations.

The remaining restaurant impairment and closing charges resulted from the carrying value of a restaurant's assets exceeding its estimated fair market value, primarily due to locations identified for relocation.

See Note 3 - *Impairments and Exit Costs* of the Notes to Consolidated Financial Statements for further information.

Income from operations

	THIRTEEN WEEKS ENDED		
(dollars in millions)	**MARCH 26, 2017**	**MARCH 27, 2016**	**Change**
Income from operations	$ 69.1	$ 86.7	$ (17.6)
% of Total revenues	6.0%	7.4%	(1.4)%

The decrease in income from operations generated in the thirteen weeks ended March 26, 2017 as compared to the thirteen weeks ended March 27, 2016 was primarily due to: (i) restaurant closing costs related to the 2017 Closure Initiative and (ii) a decrease in operating margin at the restaurant-level, partially offset by lower general and administrative expense.

Loss on defeasance, extinguishment and modification of debt

In connection with the defeasance of our 2012 CMBS loan, we recognized a loss on defeasance, extinguishment and modification of debt of $26.6 million for the thirteen weeks ended March 27, 2016.

Interest expense, net

	THIRTEEN WEEKS ENDED		
(dollars in millions)	**MARCH 26, 2017**	**MARCH 27, 2016**	**Change**
Interest expense, net	$ 9.1	$ 12.9	$ (3.8)

The decrease in interest expense, net in the thirteen weeks ended March 26, 2017 as compared to the thirteen weeks ended March 27, 2016 was primarily due to lower interest expense related to the refinancing of the 2012 CMBS loan in February 2016, partially offset by interest expense from: (i) additional draws on our revolving credit facility and (ii) our financing obligations.

Provision for income taxes

	THIRTEEN WEEKS ENDED		
	MARCH 26, 2017	**MARCH 27, 2016**	**Change**
Effective income tax rate	25.1%	24.0%	1.1%

The net increase in the effective income tax rate for the thirteen weeks ended March 26, 2017 was primarily due to the change in the blend of taxable income across our U.S. and international subsidiaries and the change in employment related credits as a percentage of income.

SEGMENT PERFORMANCE

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

SEGMENT	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 Carrabba's Italian Grill (Abbraccio)	Brazil, Hong Kong, China Brazil

Revenues for both segments include only transactions with customers and include no intersegment revenues. Excluded from net income from operations for U.S. and International are legal and certain corporate costs not directly related to the performance of the segments, certain stock-based compensation expenses and certain bonus expenses.

Following is a reconciliation of segment income from operations to the consolidated operating results:

	THIRTEEN WEEKS ENDED	
(dollars in thousands)	MARCH 26, 2017	MARCH 27, 2016
Segment income from operations		
U.S.	$ 100,946	$ 117,839
International	8,802	11,349
Total segment income from operations	109,748	129,188
Unallocated corporate operating expense	(40,618)	(42,504)
Total income from operations	69,130	86,684
Loss on defeasance, extinguishment and modification of debt	—	(26,580)
Other expense, net	(51)	(19)
Interest expense, net	(9,141)	(12,875)
Income before provision for income taxes	$ 59,938	$ 47,210

U.S. Segment

	THIRTEEN WEEKS ENDED	
(dollars in thousands)	MARCH 26, 2017	MARCH 27, 2016
Revenues		
Restaurant sales	$ 1,027,212	$ 1,038,749
Franchise and other revenues	5,406	5,030
Total revenues	$ 1,032,618	$ 1,043,779
Restaurant-level operating margin	17.2%	17.3%
Income from operations	$ 100,946	$ 117,839
Operating income margin	9.8%	11.3%

Restaurant sales

Following is a summary of the change in U.S. segment Restaurant sales for the thirteen weeks ended March 26, 2017:

(dollars in millions)	THIRTEEN WEEKS ENDED
For the period ending March 27, 2016	$ 1,038.8
Change from:	
Restaurant closings	(17.7)
Comparable restaurant sales	(3.0)
Restaurant openings	9.1
For the period ending March 26, 2017	$ 1,027.2

The decrease in U.S. Restaurant sales in the thirteen weeks ended March 26, 2017 was primarily attributable to: (i) the closing of 50 restaurants since December 27, 2015 and (ii) lower comparable restaurant sales, partially offset by the opening of 16 new restaurants not included in our comparable restaurant sales base.

Restaurant-level operating margin

The decrease in U.S. restaurant-level operating margin in the thirteen weeks ended March 26, 2017 as compared to the thirteen weeks ended March 27, 2016, was primarily due to: (i) higher kitchen and labor costs due to higher wage rates and investments in our service model, (ii) higher net rent expense due to the sale-leaseback of certain properties and (iii) investments in portion size and product upgrades. The decrease was partially offset by: (i) increases in average check per person, (ii) higher advertising expense in 2016 primarily due to the launch of the Carrabba's new menu and (iii) from the net impact of the write-off of deferred rent liabilities in connection with certain closure-related initiatives.

Income from operations

The decrease in U.S. income from operations generated in the thirteen weeks ended March 26, 2017 as compared to the thirteen weeks ended March 27, 2016 was primarily due to restaurant closing costs from the 2017 Closure Initiative.

International Segment

	THIRTEEN WEEKS ENDED	
(dollars in thousands)	MARCH 26, 2017	MARCH 27, 2016
Revenues		
Restaurant sales	$ 108,276	$ 119,303
Franchise and other revenues	2,929	1,106
Total revenues	$ 111,205	$ 120,409
Restaurant-level operating margin	20.3%	19.5%
Income from operations	$ 8,802	$ 11,349
Operating income margin	7.9%	9.4%

Restaurant sales

Following is a summary of the change in International segment Restaurant sales for the thirteen weeks ended March 26, 2017:

(dollars in millions)	THIRTEEN WEEKS ENDED
For the period ending March 27, 2016	$ 119.3
Change from:	
Divestiture of Outback Steakhouse South Korea	(42.0)
Restaurant closings	(0.6)
Effect of foreign currency translation	18.0
Restaurant openings	11.1
Comparable restaurant sales	2.5
For the period ending March 26, 2017	$ 108.3

The decrease in Restaurant sales in the thirteen weeks ended March 26, 2017 was primarily attributable to the sale of Outback Steakhouse South Korea in July 2016, partially offset by: (i) the effect of foreign currency translation of the Brazil Real relative to the U.S. dollar, (ii) the opening of 37 new restaurants not included in our comparable restaurant sales base and (iii) an increase in comparable restaurant sales.

Restaurant-level operating margin

The increase in International restaurant-level operating margin in the thirteen weeks ended March 26, 2017 as compared to the thirteen weeks ended March 27, 2016 was primarily due to: (i) increases in average check per person and (ii) the impact of the sale of Outback Steakhouse South Korea in July 2016. The increase was partially offset by: (i) higher commodity and labor inflation and (ii) certain Brazil legal contingencies.

Income from operations

The decrease in International income from operations in the thirteen weeks ended March 26, 2017 as compared to the thirteen weeks ended March 27, 2016 was primarily due to higher General and administrative expense. General and administrative expense for the International segment increased primarily from the effects of foreign currency exchange.

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.

As previously announced, based on a review of our non-GAAP presentations, we determined that, commencing with our results for the first fiscal quarter of 2017, when presenting the non-GAAP measures Adjusted income from operations and the corresponding margins, Adjusted net income and Adjusted diluted earnings per share, we will no longer adjust for expenses incurred in connection with our remodel program or intangible amortization recorded as a result of the acquisition of our Brazil operations. We recast historical comparable periods to conform to the revised presentation.

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. Following is a summary of sales of Company-owned restaurants:

	THIRTEEN WEEKS ENDED	
COMPANY-OWNED RESTAURANT SALES (dollars in millions)	**MARCH 26, 2017**	**MARCH 27, 2016**
U.S.		
Outback Steakhouse	$ 603	$ 598
Carrabba's Italian Grill	183	194
Bonefish Grill	164	170
Fleming's Prime Steakhouse & Wine Bar	77	77
Total	$ 1,027	$ 1,039
International		
Outback Steakhouse-Brazil	$ 91	$ 66
Outback Steakhouse-South Korea (1)	—	42
Other	17	11
Total	$ 108	$ 119
Total Company-owned restaurant sales	$ 1,135	$ 1,158

(1) On July 25, 2016, we sold our restaurant locations in South Korea, converting all restaurants in that market to franchised locations.

The following table provides a summary of sales of franchised restaurants, which are not included in our consolidated financial results, and our income from the royalties and/or service fees that franchisees pay us based generally on a percentage of sales. The following table does not represent our sales and is 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.

	THIRTEEN WEEKS ENDED	
FRANCHISE SALES (dollars in millions) (1)	**MARCH 26, 2017**	**MARCH 27, 2016**
U.S.		
Outback Steakhouse	$ 90	$ 92
Carrabba's Italian Grill	2	3
Bonefish Grill	4	3
Total	96	98
International		
Outback Steakhouse-South Korea (2)	44	—
Other	29	28
Total	73	28
Total franchise sales (1)	$ 169	$ 126
Income from franchise sales (3)	$ 7	$ 5

(1) Franchise sales are not included in Total revenues in the Consolidated Statements of Operations and Comprehensive Income.
(2) On July 25, 2016, we sold our restaurant locations in South Korea, converting all restaurants in that market to franchised locations.
(3) Represents the franchise royalty income included in the Consolidated Statements of Operations and Comprehensive Income in Other revenues.

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. The following table shows the percentages of certain operating cost financial statement line items in relation to Restaurant sales:

	THIRTEEN WEEKS ENDED			
	MARCH 26, 2017		**MARCH 27, 2016**	
	U.S. GAAP	**ADJUSTED (1)**	**U.S. GAAP**	**ADJUSTED (2)**
Restaurant sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	32.1%	32.1%	32.4%	32.4%
Labor and other related	28.6%	28.6%	27.9%	27.9%
Other restaurant operating	21.8%	22.3%	21.9%	22.1%
Restaurant-level operating margin	17.5%	17.0%	17.8%	17.6%

(1) Includes adjustments for the write-off of $5.1 million of deferred rent liabilities, primarily associated with the 2017 Closure Initiative, recorded in Other restaurant operating.
(2) Includes adjustments for the write-off of $1.9 million of deferred rent liabilities, primarily associated with the Bonefish Restructuring, recorded in Other restaurant operating.

BLOOMIN' BRANDS, INC.

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

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

	THIRTEEN WEEKS ENDED	
(in thousands, except per share data)	**MARCH 26, 2017**	**MARCH 27, 2016**
Income from operations	$ 69,130	$ 86,684
Operating income margin	6.0%	7.4%
Adjustments:		
Restaurant impairments and closing costs (1)	15,497	2,131
Restaurant relocations and related costs (2)	2,107	356
Transaction-related expenses (3)	207	572
Severance (4)	—	1,135
Total income from operations adjustments	17,811	4,194
Adjusted income from operations	$ 86,941	$ 90,878
Adjusted operating income margin	7.6%	7.8%
Net income attributable to Bloomin' Brands	$ 43,910	$ 34,475
Adjustments:		
Income from operations adjustments	17,811	4,194
Loss on defeasance, extinguishment and modification of debt (5)	—	26,580
Total adjustments, before income taxes	17,811	30,774
Adjustment to provision for income taxes (6)	(4,419)	(9,076)
Net adjustments	13,392	21,698
Adjusted net income	$ 57,302	$ 56,173
Diluted earnings per share	$ 0.41	$ 0.29
Adjusted diluted earnings per share	$ 0.54	$ 0.47
Diluted weighted average common shares outstanding	106,413	120,776

(1) Represents expenses incurred for the 2017 Closure Initiative, Bonefish Restructuring and International Restaurant Closure Initiative.
(2) Represents asset impairment charges and accelerated depreciation incurred in connection with our relocation program.
(3) Represents costs incurred in connection with our sale-leaseback initiative.
(4) Relates to severance expense incurred as a result of the relocation of our Fleming's operations center to the corporate home office in 2016.
(5) Relates to the defeasance of the 2012 CMBS loan in 2016.
(6) Represents income tax effect of the adjustments for the thirteen weeks ended March 26, 2017 and March 27, 2016.

Liquidity and Capital Resources

LIQUIDITY

Our liquidity sources consist of cash flow from our operations, cash and cash equivalents and credit capacity under our credit facilities. We expect to use cash primarily for general operating expenses, share repurchases and dividend payments, remodeling or relocating older restaurants, development of new restaurants and new markets, principal and interest payments on our debt, 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, operating lease obligations, capital expenditures and working capital obligations for at least the next 12 months. However, our ability to continue to meet these requirements and obligations will depend on, among other things, our ability to achieve anticipated levels of revenue and cash flow and our ability to manage costs and working capital successfully.

Cash and Cash Equivalents - As of March 26, 2017, we had $98.4 million in cash and cash equivalents, of which $29.0 million was held by foreign affiliates, a portion of which would be subject to additional taxes if repatriated to the United States. The international jurisdictions in which we have significant cash do not have any known restrictions that would prohibit the repatriation of cash and cash equivalents.

Sale-Leaseback Transactions - During the thirteen weeks ended March 26, 2017, we entered into sale-leaseback transactions with third-parties in which we sold 12 restaurant properties at fair market value for gross proceeds of $46.1 million.

Restructuring - Total aggregate future undiscounted cash expenditures of $40.5 million to $46.9 million for the 2017 Closure Initiative and Bonefish Restructuring, primarily related to lease liabilities, 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 between $260.0 million and $280.0 million in 2017. 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 March 26, 2017, our credit facilities consist of the Senior Secured Credit Facility and the PRP Mortgage Loan. Following is a summary of principal payments and debt issuance from December 25, 2016 to March 26, 2017:

	SENIOR SECURED CREDIT FACILITY				
	TERM LOANS				
(dollars in thousands)	A	A-1	REVOLVING FACILITY	PRP MORTGAGE LOAN	TOTAL CREDIT FACILITIES
Balance as of December 25, 2016	$ 258,750	$ 140,625	$ 622,000	$ 47,202	$ 1,068,577
2017 new debt	—	—	115,500	—	115,500
2017 payments	(5,625)	(2,812)	(160,500)	(33,532)	(202,469)
Balance as of March 26, 2017	$ 253,125	$ 137,813	$ 577,000	$ 13,670	$ 981,608

We continue to evaluate whether we will make further payments of our outstanding debt ahead of scheduled maturities. Following is a summary of our outstanding credit facilities as of March 26, 2017:

				OUTSTANDING	
(dollars in thousands)	INTEREST RATE MARCH 26, 2017	ORIGINAL FACILITY	PRINCIPAL MATURITY DATE	MARCH 26, 2017	DECEMBER 25, 2016
Term loan A, net of discount of $1.1 million (1)	2.82%	$ 300,000	May 2019	$ 253,125	$ 258,750
Term loan A-1	2.95%	150,000	May 2019	137,813	140,625
Revolving credit facility (1)	2.89%	825,000	May 2019	577,000	622,000
Total Senior Secured Credit Facility		$ 1,275,000		$ 967,938	$ 1,021,375
PRP Mortgage Loan	3.45%	$ 369,512	February 2018	$ 13,670	$ 47,202
Total credit facilities		$ 1,644,512		$ 981,608	$ 1,068,577

(1) Represents the weighted-average interest rate.

Credit Agreement - As of March 26, 2017, we had $220.2 million in available unused borrowing capacity under our revolving credit facility, net of letters of credit of $27.8 million.

The Credit Agreement contains mandatory prepayment requirements for Term loan A and Term loan A-1. We are required to prepay outstanding amounts under Term loan A and Term loan A-1 with 50% of our annual excess cash flow, as defined in the Credit Agreement. The amount of outstanding Term loan A and Term loan A-1 required to be prepaid may vary based on our leverage ratio and year end results. Other than the required minimum amortization premiums of $33.8 million, we do not anticipate any other payments will be required through April 1, 2018.

We are exploring options to address the 2019 maturity of our Senior Secured Credit Facility.

PRP Mortgage Loan - During 2016, PRP, as borrower, and Wells Fargo Bank, National Association, as Lender, entered into the PRP Mortgage Loan and a subsequent amendment, pursuant to which PRP borrowed $369.5 million. The PRP Mortgage Loan had an initial maturity date of February 11, 2018 with an option to extend the initial maturity for one twelve-month extension provided that certain conditions were satisfied. The PRP Mortgage Loan was collateralized by certain properties owned by PRP. PRP also made negative pledges with respect to certain unencumbered properties.

In April 2017, we repaid the remaining balance of the PRP Mortgage Loan.

Debt Covenants - Our Credit Agreement and PRP Mortgage Loan contain 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 11 - *Long-term Debt, Net* in our Annual Report on Form 10-K for the year ended December 25, 2016 for further information.

As of March 26, 2017 and December 25, 2016, 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.

Cash Flow Hedges of Interest Rate Risk - In September 2014, we entered into variable-to-fixed interest rate swap agreements with eight counterparties to hedge a portion of the cash flows of our variable rate debt. The swap agreements have an aggregate notional amount of $400.0 million, a start date of June 30, 2015, and mature on May 16, 2019. Under the terms of the swap agreements, we pay a weighted-average fixed rate of 2.02% on the $400.0 million notional amount and receive payments from the counterparty based on the 30-day LIBOR rate. We estimate $3.3 million will be reclassified to interest expense over the next twelve months. See Note 12 - *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:

	THIRTEEN WEEKS ENDED	
(dollars in thousands)	**MARCH 26, 2017**	**MARCH 27, 2016**
Net cash provided by operating activities	$ 136,197	$ 130,725
Net cash used in investing activities	(12,375)	(18,553)
Net cash used in financing activities	(154,355)	(114,634)
Effect of exchange rate changes on cash and cash equivalents	1,740	(1,041)
Net decrease in cash and cash equivalents	$ (28,793)	$ (3,503)

Operating activities - Net cash provided by operating activities increased during the thirteen weeks ended March 26, 2017, as compared to the thirteen weeks ended March 27, 2016 primarily due to: (i) the timing of payments, (ii) the timing of collections of receivables, (iii) utilization of inventory on hand and (iv) lower cash interest payments. These increases were partially offset by higher income tax payments.

Investing activities - Net cash used in investing activities for the thirteen weeks ended March 26, 2017 consisted primarily of capital expenditures, partially offset by: (i) proceeds from sale-leaseback transactions and (ii) a reduction in restricted cash related to payments on our PRP Mortgage loan.

BLOOMIN' BRANDS, INC.

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

Net cash used in investing activities for the thirteen weeks ended March 27, 2016 consisted primarily of capital expenditures, partially offset by a reduction in restricted cash related to the defeasance of the 2012 CMBS loan and proceeds from sale-leaseback transactions.

Financing activities - Net cash used in financing activities for the thirteen weeks ended March 26, 2017 was primarily attributable to the following: (i) the repurchase of common stock, (ii) payments on our revolving credit facility, net of drawdowns, (iii) repayments on our PRP Mortgage Loan, (iv) payment of cash dividends on our common stock and (v) repayments of partner deposits and accrued partner obligations. Net cash used in financing activities was partially offset by proceeds from the sale of certain properties, which are considered financing obligations.

Net cash used in financing activities for the thirteen weeks ended March 27, 2016 was primarily attributable to the following: (i) the defeasance of the 2012 CMBS loan and payments on our revolving credit facility, (ii) the repurchase of common stock, (iii) payment of cash dividends on our common stock and (iv) repayments of partner deposits and accrued partner obligations. Net cash used in financing activities was partially offset by proceeds from the PRP Mortgage loan and drawdowns on our revolving credit facility.

FINANCIAL CONDITION

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

(dollars in thousands)	MARCH 26, 2017	DECEMBER 25, 2016
Current assets	$ 241,300	$ 390,519
Current liabilities	746,788	823,408
Working capital (deficit)	$ (505,488)	$ (432,889)

Working capital (deficit) included Unearned revenue from unredeemed gift cards of $284.1 million and $388.5 million as of March 26, 2017 and December 25, 2016, respectively. We have, and in the future may continue to have, negative working capital balances (as is common for many restaurant companies). We operate successfully with negative working capital because cash collected on restaurant sales is typically received before payment is due on our current liabilities, and our inventory turnover rates require relatively low investment in inventories. Additionally, ongoing cash flows from restaurant operations and gift card sales are used to service debt obligations and to make capital expenditures.

Deferred Compensation Programs - The deferred compensation obligation due to managing and chef partners was $105.1 million and $113.0 million as of March 26, 2017 and December 25, 2016, respectively. We invest in various corporate-owned life insurance policies, which are held within an irrevocable grantor or "rabbi" trust account for settlement of our obligations under the deferred compensation plans. The rabbi trust is funded through our voluntary contributions. The unfunded obligation for managing and chef partners' deferred compensation was $42.2 million as of March 26, 2017.

We use capital to fund the deferred compensation plans and currently expect annual cash funding of $18.0 million to $20.0 million. 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.

DIVIDENDS AND SHARE REPURCHASES

Dividends - In April 2017, the Board declared a quarterly cash dividend of $0.08 per share, payable on May 19, 2017. Future dividend payments are dependent on our earnings, financial condition, capital expenditure requirements, surplus and other factors that our Board considers relevant.

Share Repurchases - On April 21, 2017, the Board canceled the remaining $52.3 million of authorization under the July 2016 Share Repurchase Program and approved a new $250.0 million authorization. The 2017 Share Repurchase Program will expire on October 21, 2018.

The following table presents our dividends and share repurchases from December 29, 2014 through March 26, 2017:

(dollars in thousands)	DIVIDENDS PAID	SHARE REPURCHASES	TAXES RELATED TO SETTLEMENT OF EQUITY AWARDS	TOTAL
Fiscal year 2015	$ 29,332	$ 169,999	$ 770	$ 200,101
Fiscal year 2016	31,379	309,887	447	341,713
First fiscal quarter 2017 (1)	8,254	53,053	143	61,450
Total	$ 68,965	$ 532,939	$ 1,360	$ 603,264

(1) Excludes the repurchase of 1.3 million shares for $24.7 million pursuant to trades executed in, but not settled until after, the thirteen weeks ended March 26, 2017.

Recently Issued Financial Accounting Standards

For a description of recently issued Financial Accounting Standards, see Note 1 - *Description of the Business and Basis of Presentation* of the Notes to the Consolidated Financial Statements of this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk from changes in interest rates, changes in foreign currency exchange rates and changes in commodity prices. We believe that there have been no material changes in our market risk since December 25, 2016. See Part II, Item 7A., "Quantitative and Qualitative Disclosures about Market Risk," in our Annual Report on Form 10-K for the year ended December 25, 2016 for further information regarding market risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We have established and maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial and Administrative 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 and Administrative 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 and Administrative Officer concluded that our disclosure controls and procedures were effective as of March 26, 2017.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the thirteen weeks ended March 26, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

BLOOMIN' BRANDS, INC.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

For a description of our legal proceedings, see Note 15 - *Commitments and Contingencies*, of the Notes to the Consolidated Financial Statements of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

In addition to the other information discussed in this report, please consider the factors described in Part I, Item 1A., "Risk Factors" in our 2016 Form 10-K which could materially affect our business, financial condition or future results. There have not been any material changes to the risk factors described in our 2016 Form 10-K, but these are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may adversely affect our business, financial condition or operating results.

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

There were no sales of equity securities during the first quarter of 2017 that were not registered under the Securities Act of 1933.

The following table provides information regarding our purchases of common stock during the thirteen weeks ended March 26, 2017:

REPORTING PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	APPROXIMATE DOLLAR VALUE OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS (1)(2)
December 26, 2016 through January 22, 2017	1,113,625	$ 17.96	1,113,625	$ 110,007,070
January 23, 2017 through February 19, 2017	—	$ —	—	$ 110,007,070
February 20, 2017 through March 26, 2017	1,782,122	$ 18.63	1,773,782	$ 76,951,899
Total	2,895,747		2,887,407	

(1) On July 26, 2016, the Board of Directors authorized the repurchase of $300.0 million of our outstanding common stock as announced publicly in our press release issued on July 29, 2016 (the "July 2016 Share Repurchase Program"). Common stock repurchased during the thirteen weeks ended March 26, 2017 represented shares repurchased under the July 2016 Share Repurchase Program and 8,340 shares withheld for tax payments due upon vesting of employee restricted stock awards. Excludes the repurchase of 1.3 million shares for $24.7 million pursuant to trades executed in, but not settled until after, the thirteen weeks ended March 26, 2017.

(2) On April 21, 2017, the Board of Directors authorized the repurchase of $250.0 million of our outstanding common stock as announced publicly in our press release issued on April 26, 2017 (the "2017 Share Repurchase Program") and canceled the remaining $52.3 million of authorization under the July 2016 Share Repurchase Program. The 2017 Share Repurchase Program will expire on October 21, 2018.

Item 6. Exhibits

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS	FILINGS REFERENCED FOR INCORPORATION BY REFERENCE
10.1*	Form of Restricted Cash Award Agreement for cash awards granted under the Bloomin' Brands, Inc. 2016 Omnibus Incentive Compensation Plan	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 and Administrative 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 and Administrative 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	XBRL Instance Document	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith

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

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

BLOOMIN' BRANDS, INC.

SIGNATURE

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

Date: May 2, 2017	BLOOMIN' BRANDS, INC. (Registrant)
	By: /s/ David J. Deno
	David J. Deno Executive Vice President and Chief Financial and Administrative Officer (Principal Financial and Accounting Officer)

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EXHIBIT 10.1

Restricted Cash Award Agreement
Under the Bloomin' Brands, Inc. 2016 Omnibus Incentive Compensation Plan

Bloomin' Brands, Inc. (the "Company") hereby issues to the Participant a Restricted Cash Award (the "Award"). The Award represents an unfunded, unsecured promise of the Company to deliver to the Participant US dollars ("Cash"), subject to the vesting and other restrictions, terms and conditions set forth in the Bloomin' Brands, Inc. 2016 Omnibus Incentive Compensation Plan (the "Plan") and those set forth in this Agreement, including the Terms and Conditions of Cash Award attached hereto as Exhibit A (collectively, the "Agreement"). Any capitalized terms used in this Agreement and not defined herein shall have the meanings ascribed to such terms in the Plan.

Award of Cash:

Name/Participant:	<name >
Type of Grant:	Restricted Cash Award
Date of Grant:	<date>
Total Amount Granted:	<awards >

The Participant, by accepting this Award online on www.netbenefits.com, acknowledges and agrees that the Award is granted under and governed by the terms, and subject to the conditions, of this Agreement, including the Terms and Conditions of Restricted Cash Award attached hereto as Exhibit A, and the Plan.

Exhibit A

Terms and Conditions of Restricted Cash Award

1. Condition to the Participant's Rights Under this Agreement. This Agreement shall not become effective, and the Participant shall have no rights with respect to the Award or the Cash, unless and until the Participant has fully executed this Agreement by accepting the Award online as described above. Notwithstanding the foregoing, if the Participant does not otherwise reject this Award in a writing to the Company's Compensation Department within 90 days of the Date of Grant or such other manner as the Company may specify from time to time in its sole discretion, the Participant shall be deemed to have accepted the Award, and the terms and conditions hereof, as of the Date of Grant.

2. Vesting. Subject in each case to the Participant's Continuous Service (as defined in the Plan) on each applicable vesting date, the Cash awarded under this Agreement shall vest in accordance with the schedule set forth below unless, prior to any vesting date set forth, the applicable Award is forfeited or has become subject to accelerated vesting under the terms and conditions of the Plan:

Vesting Date	Vesting Percentage
First Anniversary of Date of Grant	25%
Second Anniversary of Date of Grant	25%
Third Anniversary of Date of Grant	25%
Fourth Anniversary of Date of Grant	25%

Prior to actual settlement of any Award that has vested, the Award will represent an unfunded, unsecured obligation of the Company in accordance with Section 17.13 of the Plan.

3. Termination of Continuous Service. If the Participant's Continuous Service terminates due to death or Disability (as defined in the Plan), then all Awards that have not vested shall become immediately vested in full upon such termination. If the Participant's Continuous Service terminates for any other reason, then all Awards that are not vested at the time such termination shall be automatically and immediately forfeited for no consideration.

4. No Right to Continued Employment. The granting of the Cash Award evidenced hereby and this Agreement shall impose no obligation on the Company or any Affiliate to continue the employment of the Participant and shall not lessen or affect the Company's or its Affiliate's right to terminate the employment of such Participant.

5. Change in Control. If a Change in Control occurs, all Awards that remain unvested and have not been previously forfeited shall become immediately vested in full, effective immediately prior to such Change in Control.

6. Non-Vested Awards Non-Transferable. The Participant shall not directly or indirectly sell, transfer, pledge, assign or otherwise encumber the non-vested Awards or any interest in and unvested Award, or make any commitment or agreement to do any of the foregoing, except to the extent permitted by Section 11.3 of the Plan.

7. Settlement. The Company shall, as soon as practicable upon the vesting of any Award (but in no event later than two and a half (2 ½) months following the end of the fiscal year in which vesting occurs), effect delivery of the Cash to fully settle such vested Award to the Participant (or, in the event of the Participant's death, to the Beneficiary). No Cash will be issued pursuant to this Award unless and until all legal requirements applicable to such issuance have been complied with to the satisfaction of the Committee.

8. Section 409A. This Agreement is intended to comply with Section 409A of the Code or an exemption thereunder and shall be construed and interpreted in a manner that is consistent with the requirements for avoiding additional taxes or penalties under Section 409A of the Code. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A of the Code and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with Section 409A of the Code.

9. Electronic Delivery and Acceptance. The Company may in its sole discretion, decide to deliver any documents related to the Award granted under the Plan and participation in the Plan, or future Award that may be granted under the Plan, by electronic means or to request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and, if requested, to participate in the Plan through an on-line (and/or voice activated) system established and maintained by the Company or a third party designated by the Company.

10. Data Privacy.

(a) The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of his or her personal data as described in this document by and among, as applicable, the Company and its Affiliates for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.

(b) The Participant understands that the Company and its Affiliates may hold certain personal information about the Participant, including, but not limited to, his or her name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the purpose of implementing, administering and managing the Plan ("Data"). The Participant understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Participant's country or elsewhere and that the recipients' country may have different data privacy laws and protections than the Participant's country. The Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting the Company's Compensation Department. The Participant authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Participant may elect to deposit any Cash acquired upon settlement of this Award. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Company's Compensation Department. The Participant understands, however, that refusing or withdrawing his or her consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of a refusal to consent or withdrawal of consent, the Participant understands that he or she may contact the Company's Compensation Department.

11. Government and Other Regulations. The grant of the Cash Award is subject to all laws, regulations and orders of any governmental authority which may be applicable thereto and, notwithstanding any of the provisions hereof, the Participant acknowledges that the Company will not be obligated to issue any Cash hereunder if the grant or vesting thereof or the issuance of such Cash, as the case may be, would constitute a violation by the Participant or the Company of any such law, regulation or order or any provision thereof. The Company shall not be obligated to take any affirmative action in order to cause the vesting of the Cash pursuant hereto to comply with any such law, regulation, order or provision.

12. Miscellaneous Provisions.

(a) The Award is granted under and subject to the terms and conditions of the Plan, which is incorporated herein and made part hereof by this reference. In the event of a conflict between the terms of the Plan and this Agreement, the terms of the Plan, as interpreted by the Board or the Committee, shall govern. In the event of a conflict between the terms of the Plan and this Agreement, the terms of the Plan, as interpreted by the Board or the Committee, shall govern and all decisions under and interpretations of the Plan or this Agreement by the Committee or the Board shall be final, binding and conclusive upon the Participant and his heirs and legal representatives. The Participant hereby acknowledges receipt of a true copy of the Plan and that the Participant has read the Plan carefully and fully understands its content.

(b) This Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. This Agreement and the Plan supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof.

(c) If the Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control.

(d) The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

(e) This Agreement may be executed or deemed executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

(f) Defined terms not defined herein shall have the meaning ascribed to them in the Plan.

IN WITNESS WHEREOF, the Company has caused this grant of Award to be executed, as of the Date of Grant.

BLOOMIN' BRANDS, INC.

By: ELECTRONIC SIGNATURE

Elizabeth Smith, Chief Executive Officer

(or Kelly Lefferts, Group Vice President, Legal)

Exhibit 31.1

CERTIFICATION

I, Elizabeth A. Smith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Bloomin' Brands, Inc.;

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

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

4. The registrant's other certifying officer(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: May 2, 2017

/s/ Elizabeth A. Smith

Elizabeth A. Smith

Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, David J. Deno, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Bloomin' Brands, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: May 2, 2017

/s/ David J. Deno

David J. Deno

Executive Vice President and Chief Financial and Administrative Officer
(Principal Financial 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 Quarterly Report of Bloomin' Brands, Inc. (the "Company") on Form 10-Q for the quarter ended March 26, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Elizabeth A. Smith, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

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

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

Date:	May 2, 2017	/s/ Elizabeth A. Smith
		Elizabeth A. Smith
		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 Quarterly Report of Bloomin' Brands, Inc. (the "Company") on Form 10-Q for the quarter ended March 26, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David J. Deno, Executive Vice President and Chief Financial and Administrative Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

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

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

Date: May 2, 2017	/s/ David J. Deno
	David J. Deno Executive Vice President and Chief Financial and Administrative Officer (Principal Financial Officer)

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