Bloomin' Brands, Inc.
Form 10-K
February 24, 2015

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

FORM 10-K
(Mark One)

[X]	Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the fiscal year ended: December 28, 2014 Or
[ ]	Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the transition period from ______ to ______

Commission File Number: 001-35625

BLOOMIN' BRANDS, INC.
(Exact name of registrant as specified in its charter)

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

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

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

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

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ý NO o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES o NO ý

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 ý NO o

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 ý NO o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý

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

Large accelerated filer ý Accelerated filer o
Non-accelerated filer o (Do not check if smaller reporting company) Smaller reporting company o

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

The aggregate market value of common stock held by non-affiliates (based on the closing price on the last business day of the registrant's most recently completed second fiscal quarter as reported on the Nasdaq Global Select Market) was $1.6 billion. All executive officers and directors of the registrant and all persons filing a Schedule 13G with the Securities and Exchange Commission in respect to registrant's common stock have been deemed, solely for the purpose of the foregoing calculation, to be "affiliates" of the registrant.

As of February 18, 2015, 126,386,965 shares of common stock of the registrant were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
Portions of the registrant's definitive Proxy Statement for its Annual Meeting of Stockholders on April 29, 2015, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after December 28, 2014, are incorporated by reference into Part III, Items 10-14 of this Annual Report on Form 10-K.

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For Fiscal Year 2014

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PART I

Cautionary Statement

This Annual Report on Form 10-K (the "Report") includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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 "wou their negative or other variations or comparable terminology, although not all forward-looking statements are accompanied by such terms. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

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

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

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

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

(iv) Our ability to acquire attractive sites on acceptable terms, obtain required permits and approvals, recruit and train necessary personnel and obtain adequate financing in order to develop new restaurants as planned, and difficulties in estimating the performance of newly opened restaurants;

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

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

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

(viii)

Our ability to comply with governmental laws and regulations, the costs of compliance with such laws and regulations and the effects of changes to applicable laws and regulations;

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

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

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

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

(xiii) 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.

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.

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BLOOMIN' BRANDS, INC.

Item 1. Business

General and History - Bloomin' Brands, Inc. ("Bloomin' Brands," the "Company," "we," "us," and "our") is one of the largest casual dining restaurant companies in the world, with a portfolio of leading, differentiated restaurant concepts. We have four founder-inspired concepts: Outback Steakhouse, Carrabba's Italian Grill, Bonefish Grill and Fleming's Prime Steakhouse & Wine Bar. Our restaurant concepts range in price point and degree of formality from casual (Outback Steakhouse and Carrabba's Italian Grill) to upscale casual (Bonefish Grill) and fine dining (Fleming's Prime Steakhouse & Wine Bar). In January 2015, we sold our Roy's concept.

As of December 28, 2014, we owned and operated 1,344 restaurants and franchised 166 restaurants across 48 states, Puerto Rico, Guam and 21 countries.

Our predecessor, OSI Restaurant Partners, Inc., opened the first Outback Steakhouse restaurant in 1988. In 1991, OSI Restaurant Partners, Inc. completed an initial public offering ("IPO"). In 1996, we expanded the Outback Steakhouse concept internationally.

On June 14, 2007, Bloomin' Brands, which was incorporated in 2006, acquired OSI Restaurant Partners, Inc. by means of a merger and related transactions (the "Merger"). At the time of the Merger, OSI Restaurant Partners, Inc. was converted into a limited liability company named OSI Restaurant Partners, LLC ("OSI"). OSI is our primary operating entity. New Private Restaurant Properties, LLC ("PRP"), a wholly-owned subsidiary of Bloomin' Brands, leases our owned restaurant properties to OSI subsidiaries. In August 2012, we completed an IPO of our common stock.

OUR RESTAURANT CONCEPTS

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

Carrabba's Italian Grill - Carrabba's Italian Grill is a casual authentic Italian restaurant featuring handcrafted dishes. The Carrabba's Italian Grill menu includes a variety of Italian pasta, chicken, beef and seafood dishes, salads and wood-fired pizza. Our ingredients are sourced from around the world and our traditional Italian exhibition kitchen allows consumers to watch handmade dishes being prepared.

Bonefish Grill - Bonefish Grill is an upscale casual seafood restaurant featuring market fresh grilled fish. The Bonefish Grill menu is anchored by fresh fish, hand-cut and topped with freshly prepared sauces, and seasonal seafood specials. In addition, Bonefish Grill offers beef, pork and chicken entrées, as well as several specialty appetizers, including our signature Bang Bang Shrimp,® and desserts.

Fleming's Prime Steakhouse & Wine Bar - Fleming's Prime Steakhouse & Wine Bar is a contemporary steakhouse featuring prime cuts of beef, fresh seafood and pork and chicken entrées, accompanied by an extensive assortment of freshly prepared salads and side dishes. The steak selection features USDA Prime corn-fed beef, both wet- and dry-aged for flavor and texture, in a selection of sizes and cuts. Fleming's Prime Steakhouse & Wine Bar offers a large selection of wines by the glass, with 100 wines available.

Bloomin' Brands International - Bloomin' Brands International is our business unit for developing and operating our restaurants outside of the U.S. We have cross-functional, local management to support and grow restaurants in each of the countries where we have Company-owned operations. Our international operations are integrated with our corporate organization to leverage enterprise-wide capabilities, including marketing, finance, real estate, information technology, legal, supply chain management and productivity.

Prior to November 1, 2013, our Outback Steakhouse locations in Brazil were operated as an unconsolidated joint venture (“Brazil Joint Venture”). On November 1, 2013, we acquired a controlling interest in the Brazil Joint Venture.

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BLOOMIN' BRANDS, INC.

As of December 28, 2014, we owned and operated 167 international Outback Steakhouse restaurants and franchised 55 restaurants across 21 countries and Guam. As of December 28, 2014, our other concepts did not operate outside of the U.S. See Item 2 - Properties for disclosure of our international Outback Steakhouse restaurant count by country.

Financial information about geographic areas is included in Note 2 - Summary of Significant Accounting Policies of our Notes to Consolidated Financial Statements.

System-wide Restaurant Summary - Following is a system-wide rollforward of restaurants in operation during fiscal year 2014:

	DECEMBER 31, 2013	2014 ACTIVITY OPENED	CLOSED	DECEMBER 28, 2014	U.S. STATE COUNT
Number of restaurants:					
Outback Steakhouse					
Company-owned—U.S.	663	3	(18)	648	
Company-owned—international (1) (2) (3)	169	24	(26)	167	
Franchised—U.S.	105	1	(1)	105	
Franchised—international (2)	51	5	(1)	55	
Total	988	33	(46)	975	48
Carrabba's Italian Grill					
Company-owned	239	6	(3)	242	
Franchised	1	—	—	1	
Total	240	6	(3)	243	32
Bonefish Grill					
Company-owned (4)	187	17	(3)	201	
Franchised (4)	7	—	(2)	5	
Total	194	17	(5)	206	37
Fleming's Prime Steakhouse & Wine Bar					
Company-owned	65	1	—	66	28
Roy's					
Company-owned	21	—	(1)	20	7
System-wide total	1,508	57	(55)	1,510	

(1) The restaurant count for Brazil is reported as of November 30, 2014 and excludes one restaurant opened in December 2014.
(2) Effective December 28, 2014, we sold one Company-owned Outback Steakhouse location in Mexico to an existing franchisee.
(3) The restaurant count as of December 28, 2014 includes 21 locations scheduled to close during 2015, including 20 in South Korea.
(4) Effective March 1, 2014, we acquired two Bonefish Grill restaurants from a franchisee.

Selected sales data - Following is sales mix by product type and average check per person for domestic Company-owned restaurants during fiscal year 2014:

	Outback Steakhouse (U.S.)	Carrabba's Italian Grill	Bonefish Grill	Fleming's Prime Steakhouse & Wine Bar
Food & non-alcoholic beverage	89 %	84 %	77 %	71 %

Alcoholic beverage	11 %	16 %	23 %	29 %
	100 %	100 %	100 %	100 %
Average check per person	$21	$21	$24	$71

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Lunch expansion - All of our concepts serve dinner every day of the week. Outback Steakhouse and Carrabba's Italian Grill are open for lunch on Saturday and Sunday ("weekend lunch"), with many locations also open for lunch Monday through Friday ("weekday lunch"). Most international locations serve lunch and dinner. Following is the percentage of U.S. Outback Steakhouse and Carrabba's Italian Grill locations open for weekday and weekend lunch as of the dates indicated:

	DECEMBER 28, 2014		DECEMBER 31, 2013		DECEMBER 31, 2012	
	WEEKEND	WEEKDAY	WEEKEND	WEEKDAY	WEEKEND	WEEKDAY
Outback Steakhouse	100 %	61 %	100 %	35 %	100 %	19 %
Carrabba's Italian Grill	100 %	55 %	100 %	40 %	100 %	9 %

RESTAURANT DESIGN AND DEVELOPMENT

Site Design - We generally construct freestanding buildings on leased properties, although certain leased sites are also located in strip shopping centers. Construction of a new restaurant typically takes 60 to 180 days from the date the location is leased or under contract and fully permitted. In the majority of cases, future restaurant development will result from the lease of existing third-party retail space. We typically design the interior of our restaurants in-house, utilizing outside architects when necessary.

Remodel and Relocation Plans - We have an ongoing program across all of our concepts to maintain the relevance of our restaurants' ambience. We also have an ongoing relocation plan, primarily related to the Outback Steakhouse brand. This multi-year relocation plan is focused on driving additional traffic to our restaurants by moving legacy restaurants from non-prime to prime locations within the same trade area.

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

Restaurant Development

Domestic Development - Bonefish Grill unit growth will continue to be our top domestic development priority in 2015. We believe we have the potential to increase the units in our Bonefish Grill concept to over 300 in the next three to five years. Currently, the majority of Bonefish Grill restaurants are located in the southern and eastern U.S., with significant geographic expansion potential in the top 100 U.S. markets. In addition, we believe that Fleming's Prime Steakhouse & Wine Bar has existing geography fill-in and market expansion opportunities based on its current location mix.

International Development - We continue to expand internationally, leveraging established equity and franchise markets in Asia and South America and in strategically selected emerging and high-growth developed markets, focusing on Brazil and China. We see significant potential for growth of Outback Steakhouse in Brazil to 100 restaurants. New restaurant growth in Brazil will be our top international development priority in 2015. We plan to introduce the Carrabba's Italian Grill concept in Brazil, known as Abbraccio, with our first opening expected in March 2015.

We will utilize the ownership structure and market entry strategy that best fits the needs for a particular market, including Company-owned units, joint ventures and franchises. In markets where there is potential for a significant number of restaurants, we expect to focus on Company-owned units and joint ventures rather than franchises.

RESEARCH & DEVELOPMENT / INNOVATION

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

We continuously evolve our product offerings based on consumer trends and feedback and to improve our efficiency. We have a 12-month pipeline of new menu and promotional items across all concepts, and we are able to quickly make adjustments with market demands, when necessary. In addition, we have dedicated resources focused on productivity across the portfolio. For new menu items and significant product changes, we have a testing process that includes direct consumer feedback on the product as well as pricing.

INFORMATION SYSTEMS

Restaurant-level financial and accounting controls are handled through the point-of-sale ("POS") system and network in each restaurant that communicates with our corporate headquarters. The POS system is also used to authorize and transmit credit card sales transactions. Our Company-owned restaurants are connected through data centers and a portal to provide our corporate employees and regional partners with access to business information and tools that allow them to collaborate, communicate, train and share information.

We continue to invest in our infrastructure to provide a better overall consumer experience, reduce our costs, create efficiencies and enhance security. During 2014, we implemented several productivity tools including a labor tool that automates scheduling and a centralized inventory management system to monitor our commodity costs. We also made infrastructure enhancements to our financial, POS and human resource systems in 2014.

ADVERTISING AND MARKETING

We generally advertise through national television and/or radio media, with some spot television advertising for Carrabba's Italian Grill. Our concepts have an active public relations program and also rely on national promotions, site visibility, local marketing, digital marketing, direct mail, billboards and point-of-sale materials to promote our restaurants. Internationally, we have teams in our developed markets that engage local agencies to tailor advertising to each market and develop relevant and timely promotions based on local consumer demand.

To help maintain consumer interest and relevance, each concept leverages limited-time offers featuring seasonal specials. We promote limited-time offers through integrated marketing programs that utilize all of our advertising resources.

RESTAURANT OPERATIONS

Management and Employees - The management staff of our restaurants varies by concept and restaurant size. Our restaurants employ primarily hourly employees, many of whom work part-time. The managing partner of each restaurant has primary responsibility for the day-to-day operation of the restaurant and is required to abide by Company-established operating standards. Area operating partners are responsible for overseeing the operations of typically six to 14 restaurants and managing partners in a specific region.

Area Operations Directors, Restaurant Managing Partner and Chef Partner Programs - Area Operations Directors, Restaurant Managing Partners and Chef Partners generally receive distributions or payments for providing management and supervisory services to their restaurants based on a percentage of their restaurants' monthly distributable cash flow ("Monthly Payments").

Restaurant Managing Partners and Chef Partners are eligible to participate in deferred compensation programs. Under these deferred compensation programs, the Restaurant Managing Partners and Chef Partners are eligible to receive payments beginning upon completion of their five-year employment agreement. 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.

On the fifth anniversary of the opening of each new restaurant, the Area Operations Director supervising the restaurant during the first five years of operation receives an additional bonus based upon the average annual distributable cash flow of the restaurant. In addition to Monthly Payments and deferred compensation, Area Operations Directors,

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Restaurant Managing Partners and Chef Partners whose restaurants achieve certain annual sales and profitability targets are eligible to receive an annual bonus equal to a percentage of the restaurant's incremental sales increase.

Many of our Restaurant Managing Partners enter into employment agreements and purchase participation interests in the cash distributions from the restaurants they manage. The amount and terms vary by country. This interest gives the partners the right to receive a percentage of the restaurant's annual cash flows for the duration of the agreement.

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

Service - In order to better assess and improve our performance,we use a third-party research firm to conduct an ongoing satisfaction measurement program that provides us with industry benchmarking information for our Company-owned and franchise locations in the U.S. We have a similar consumer satisfaction measurement program for our international Company-owned locations. These programs measure satisfaction across a wide range of experience elements.

Food Preparation and Quality Control - We have an R&D facility located in Tampa, Florida that serves as a test kitchen and vendor product qualification site. Our quality assurance team manages internal auditors responsible for supplier evaluations and external third parties who inspect supplier adherence to quality, food safety and product specification. Our suppliers also utilize third-party labs for food safety and quality verification. Suppliers that do not comply with quality, food safety and other specifications are not utilized until they have corrective actions in place and are re-certified for compliance.

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

SOURCING AND SUPPLY

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

We address the end-to-end costs (from the source to the fork) associated with the products and goods we purchase by utilizing a combination of global, regional and locally based suppliers to capture the efficiencies and economies of scale. This "total cost of ownership" ("TCO") approach focuses on the initial purchase price, coupled with the cost structure underlying the procurement and order fulfillment process. The TCO approach includes monitoring commodity markets and trends to execute product purchases at the most advantageous times. We develop sourcing strategies for all major commodity categories based on the dynamics of each category. In addition, we require our supplier partners to meet or exceed our quality assurance standards.

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

Proteins represent 60% of our global commodity procurement composition, with beef representing 53% of purchased proteins. In 2014, we purchased more than 90% of our beef raw materials from four beef suppliers that represent more than 90% of the total U.S. beef marketplace. Due to the nature of our industry, we expect to continue purchasing a substantial amount of our beef from a small number of suppliers. Other major commodity categories purchased include produce, dairy, bread and pasta, and energy sources to operate our restaurants, such as natural gas.

RESTAURANT OWNERSHIP STRUCTURES

Our restaurants are Company-owned or operated under franchise arrangements. We generate our revenues primarily from our Company-owned restaurants and secondarily through ongoing royalties from our franchised restaurants and sales of franchise rights.

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

We pay royalties on the majority of our Carrabba's Italian Grill restaurants pursuant to agreements we entered into with the Carrabba's Italian Grill Founders ("Carrabba's Founders"). Following is a summary of Carrabba's royalties and locations in the U.S. subject to royalties as of December 28, 2014:

	ROYALTY PERCENTAGE	LOCATIONS AS OF DECEMBER 28, 2014
U.S. sales, except for qualifying lunch sales, as described below	1.0% - 1.5%	230
U.S. lunch sales for new restaurants opened on or after June 1, 2014 (1)	0.5%	4
U.S. lunch sales for existing restaurants that began serving weekday lunch on or after June 1, 2014 (2)	0.5%	14

(1) Lunch sales for new locations are defined as sales occurring prior to 4 pm local time Monday through Saturday.
(2) Weekday lunch sales for existing locations are defined as sales occurring prior to 4 pm local time Monday through Friday.

Each Carrabba's restaurant located outside the United States pays a one-time lump sum royalty fee, which varies depending on the size of the restaurant. No continuing royalty fee is paid to the Carrabba's Founders for Carrabba's restaurants located outside the United States.

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

In 2013, we updated our standard franchise agreement in the U.S. for all new and renewing franchisees. The majority of our existing domestic franchisees continue to operate under the prior franchise agreement. As each franchise location renews, that location will convert to our then-current franchise agreement.

Under the standard franchise agreements, each of our franchisees is required to pay an initial franchise fee. Franchisees also pay monthly royalties and administration fees based on a percentage of gross restaurant sales. Following is a summary of typical franchise fees based on unaffiliated franchise agreements in place as of December 28, 2014:

(all fees in thousands or as a % of gross Restaurant sales)	FRANCHISED LOCATIONS	INITIAL FRANCHISE FEE	MONTHLY FEES (2)	
			ROYALTY	ADMIN.
Outback Steakhouse-U.S.	105	$40	3.00% - 3.50%	0.50%
Outback Steakhouse-international (1)	55	$40 - $200	3.00% - 6.00%	n/a
Bonefish Grill	5	$50	3.50% - 4.00%	0.50%
Carrabba's Italian Grill	1	$40	3.50% - 5.75%	n/a

(1) Initial fees and royalties for international franchisees vary by market. Includes one franchised location in Guam.

(2) Under the previous franchise agreement, a U.S. franchisee typically pays a monthly royalty fee, which varies by concept, and certain U.S. franchisees pay an additional marketing administration fee. Each U.S. franchisee is also generally required to expend or contribute, on a monthly basis, a minimum of 1.5% to 3.5% of each restaurant's monthly gross sales for local and national advertising. Under the new U.S. franchise agreement, a U.S. franchisee typically pays a monthly royalty of 3.5% of the restaurant's gross sales and is no longer required to pay a monthly administration fee. In addition, U.S. franchisees must contribute a percentage of gross sales for national marketing programs and must spend a certain amount of gross sales on local advertising, up to a maximum of 8.0% of gross restaurant sales.

T-Bird Restaurant Group, Inc. (T-Bird) is party to an Outback Steakhouse Master Franchise Agreement. In January 2015, T-Bird acquired its franchise and development rights from T-Bird Nevada, LLC and its affiliates. T-Bird, through its affiliates, owns and operates 56 Outback Steakhouse restaurants in California. T-Bird is also party to a separate Outback Steakhouse development agreement, which gives T-Bird the exclusive right to open additional Outback Steakhouse restaurants in California through 2031 and commits T-Bird to opening seven new Outback Steakhouse restaurants in California during the next seven years.

COMPETITION

The restaurant industry is highly competitive with a substantial number of restaurant operators that compete directly and indirectly with us in respect to price, service, location and food quality, and there are other well-established competitors with significant financial and other resources. There is also active competition for management personnel, attractive suitable real estate sites, supplies and restaurant employees. In addition, competition is also influenced strongly by marketing and brand reputation. At an aggregate level, all major U.S. casual dining restaurants and casual dining restaurants in the international markets in which we operate would be considered competitors of our concepts. Further, we face growing competition from the supermarket industry, with improved selections of prepared meals, and from quick service and fast casual restaurants, as a result of higher-quality food and beverage offerings. Internationally, we face increasing competition due to an increase in the number of casual dining restaurant options in the markets in which we operate.

GOVERNMENT REGULATION

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

United States - Alcoholic beverage sales represent 15% of our consolidated restaurant sales. Alcoholic beverage control regulations require each of our restaurants to apply to a state authority and, in certain locations, county or municipal authorities for a license or permit to sell alcoholic beverages on the premises and to provide service for extended hours and on Sundays.

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

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

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

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

EXECUTIVE OFFICERS OF THE REGISTRANT

Below is a list of the names, ages, positions and a brief description of the business experience of each of our executive officers as of February 18, 2015.

NAME	AGE	POSITION
Elizabeth A. Smith	51	Chairman of the Board of Directors and Chief Executive Officer
David J. Deno	57	Executive Vice President and Chief Financial and Administrative Officer
Donagh M. Herlihy	51	Executive Vice President, Digital and Chief Information Officer
Stephen K. Judge	46	Executive Vice President and President of Bonefish Grill
Joseph J. Kadow	58	Executive Vice President, Chief Legal Officer and Secretary
Patrick C. Murtha	57	Executive Vice President and President of Bloomin' Brands International
David A. Pace	55	Executive Vice President and President of Carrabba's Italian Grill
Amanda L. Shaw	43	Senior Vice President, Chief Accounting Officer and International Finance
Jeffrey S. Smith	52	Executive Vice President and President of Outback Steakhouse

Elizabeth A. Smith was appointed Chairman in January 2012. Since November 2009, Ms. Smith has served as Chief Executive Officer and a member of our Board of Directors. Ms. Smith is a member of the Board of Directors of Hilton Worldwide Holdings, Inc.

David J. Deno has served as Executive Vice President and Chief Financial and Administrative Officer since May 2012. From December 2009 to May 2012, Mr. Deno served as Chief Financial Officer of the international division of Best Buy Co. Inc.

Donagh M. Herlihy joined Bloomin' Brands as Executive Vice President, Digital and Chief Information Officer in September 2014. Prior to joining Bloomin' Brands, Mr. Herlihy was Senior Vice President, Chief Information Officer and eCommerce of Avon Products, Inc. from March 2008 to August 2014.

Stephen K. Judge has served as Executive Vice President and President of Bonefish Grill since January 2013. From March 2007 to December 2012, Mr. Judge was President of Seasons 52, a restaurant concept owned by Darden Restaurants, Inc.

Joseph J. Kadow has served as Executive Vice President, Chief Legal Officer and Secretary since April 2005.

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Patrick C. Murtha has served as Executive Vice President and President of Bloomin' Brands International since November 2013. From January 2006 to March 2013, Mr. Murtha was the Chief Operating Officer of Pizza Hut, Inc.

David A. Pace has served as Executive Vice President and President of Carrabba's Italian Grill since June 2014. Mr. Pace served as Executive Vice President and Chief Resource Officer from August 2010 to June 2014. Mr. Pace served as a consultant for Egon Zehnder International from 2009 to 2010.

Amanda L. Shaw has served as Senior Vice President, Chief Accounting Officer and International Finance since September 2014. Ms. Shaw served as Senior Vice President, Technology and Chief Accounting Officer from August 2013 to September 2014. From December 2006 until August 2013, Ms. Shaw served as Corporate Controller.

Jeffrey S. Smith has served as President of Outback Steakhouse since April 2007 and Executive Vice President since January 2012.

EMPLOYEES

As of December 28, 2014, we employed approximately 100,000 persons, of which 950 are corporate personnel. None of our U.S. employees are covered by a collective bargaining agreement. Various national industry-wide labor agreements apply to certain of our employees in Brazil. We consider our employee relations to be good.

TRADEMARKS

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

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

SEASONALITY AND QUARTERLY RESULTS

Our business is subject to seasonal fluctuations. Historically, consumer traffic patterns to our established restaurants are generally highest in the first quarter of the year and lowest in the third quarter of the year. Additionally, holidays and severe weather may affect sales volumes seasonally in some of our markets. Quarterly results have been and will continue to be significantly affected by general economic conditions, the timing of new restaurant openings and their associated pre-opening costs, restaurant closures and exit-related costs and impairments of goodwill, definite and indefinite-lived intangible assets and property, fixtures and equipment. In 2014, we changed our fiscal year end, which impacted the comparability of our quarterly and annual results to prior periods. As a result of these and other factors, our financial results for any given quarter may not be indicative of the results that may be achieved for a full fiscal year.

ADDITIONAL INFORMATION

We make available, free of charge, through our internet website www.bloominbrands.com, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after electronically filing such material with the Securities and Exchange Commission ("SEC"). You may read and copy any materials filed with the SEC at the Securities and Exchange Commission's Public

Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our reports and other materials filed with the SEC are also available at www.sec.gov. The reference to these website addresses does not constitute incorporation by reference of the information contained on the websites and should not be considered part of this Report.

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BLOOMIN' BRANDS, INC.

Item 1A. Risk Factors

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

Risks Related to Our Business and Industry

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

Challenging economic conditions may negatively impact consumer spending and thus cause a decline in our financial results. For example, international, domestic and regional economic conditions and the impacts of unemployment and underemployment, reduced or stagnant disposable consumer income, financial market volatility, social unrest and governmental spending and budget matters and the slow pace of economic recovery from the recent recession generally have had a negative effect on consumer confidence and discretionary spending. This has affected consumer traffic and comparable restaurant sales for us and throughout our industry in recent periods. We believe these factors and conditions will continue to result in a challenging sales environment in the casual dining sector. Continued weakness in or a further worsening of the economy or the other factors mentioned above, generally or in particular markets in which we operate, and our consumers' reactions to these trends could result in increased pressure with respect to our pricing, traffic levels, commodity and other costs and the continuation of our innovation and productivity initiatives, which could negatively impact our business and results of operations. These factors could also cause us to, among other things, reduce the number and frequency of new restaurant openings, close restaurants or delay remodeling of our existing restaurant locations. Further, poor economic conditions may force nearby businesses to shut down, which could cause our restaurant locations to be less attractive.

The restaurant industry is highly competitive. Our inability to compete effectively could adversely affect our business, financial condition and results of operations.

A substantial number of restaurant operators compete directly and indirectly with us with respect to price, service, location and food quality, some of which are well-established with significant resources. There is also active competition for management and other personnel and attractive suitable real estate sites. Consumer tastes, nutritional and dietary trends, traffic patterns and the type, number and location of competing restaurants often affect the restaurant business, and our competitors may react more efficiently and effectively to those conditions. Further, we face growing competition from the supermarket industry, with the improvement of their prepared food offerings, and from quick service and fast casual restaurants, as a result of higher-quality food and beverage offerings by those restaurants. If we are unable to continue to compete effectively, our traffic, sales and margins could decline and our business, financial condition and results of operations would be adversely affected.

Our success depends substantially on the value of our brands.

Our success depends on our ability to preserve and grow our brands. Brand value is based in large part on consumer perceptions, which are driven by both our actions and actions beyond our control. Business incidents, ineffective advertising or marketing efforts, or unfavorable mainstream or social media publicity involving us, our industry, our franchisees, or our suppliers could damage our brands. Regardless of its basis or validity, any unfavorable publicity could adversely affect public perception of our brands. Any damage to the reputation of our brands could adversely affect our business.

Risks associated with our expansion plans may have adverse effects on our ability to increase revenues.

As part of our business strategy, we intend to continue to expand our current portfolio of restaurants. Our current development schedule calls for the construction of between 40 and 50 new system-wide locations in 2015. A variety of factors could cause the actual results and outcome of those expansion plans to differ from the anticipated results, including among other things:

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

It is difficult to estimate the performance of newly opened restaurants. Earnings achieved to date by restaurants open for less than two years may not be indicative of future operating results. Should enough of these new restaurants not meet targeted performance, it could have a material adverse effect on our operating results. There is also the possibility that new restaurants may attract consumers away from other restaurants we own, thereby reducing the revenues of those existing restaurants.

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

We have a significant number of restaurants outside the United States, and we intend to continue our efforts to grow internationally. We currently expect at least 50% of our targeted 40 to 50 system-wide new restaurants in 2015 will be located outside the United States. Although we believe we have developed an appropriate support structure for international operations and growth, there is no assurance that international operations will be profitable or international growth will continue.

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

Currency regulations and fluctuations in exchange rates could also affect our performance. We have foreign operations in a total of 21 countries and Guam, including direct investments in restaurants in South Korea, Brazil, Hong Kong and China, as well as international franchises. As a result, we may experience losses from fluctuations in foreign currency exchange rates, and such losses could adversely affect our overall sales and earnings.

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

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

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

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

Adverse weather conditions and natural disasters and other unforeseen events, such as winter storms, severe temperatures, thunderstorms, floods, hurricanes and earthquakes, terror attacks, war and widespread/pandemic illness, and the effects of such events on economic conditions and consumer spending patterns, could negatively impact our results of operations. Temporary and prolonged restaurant closures may occur and consumer traffic may decline due to the actual or perceived effects from these events. For example, severe winter weather conditions impacted our traffic and results of operations in the first quarter of 2014.

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

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

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

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

Alcoholic beverage sales represent 15% of our consolidated restaurant sales and are subject to extensive state and local licensing and other regulations. The failure of a restaurant to obtain or retain a liquor license would adversely affect that restaurant's operations. In addition, we are subject to "dram shop" statutes in certain states. These statutes generally provide a person injured by an intoxicated person the right to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated person.

The FDA recently adopted final regulations to implement federal nutritional disclosure requirements, and we will be required to comply with these regulations by the end of 2015. The regulations will require us to include calorie information on our menus, and provide additional nutritional information upon request. If the costs of implementing or complying with these new requirements exceed our expectations, our results of operations could be adversely affected. Furthermore, the effect of such labeling requirements on consumer choices, if any, is unclear. It is possible that we may also become subject to other regulation in the future seeking to tax or regulate high fat and high sodium foods in certain of our markets, which could be costly to comply with.
We are subject to various federal and state employment and labor laws and regulations.
Various federal and state employment and labor laws and regulations govern our relationships with our employees and affect operating costs, and similar laws and regulations apply to our operations outside of the U.S. These laws and

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

As a significant number of our food service and preparation personnel are paid at rates related to the applicable minimum wage, federal, state and local proposals related to minimum wage requirements or similar matters could, if implemented, materially increase our labor and other costs. Our ability to respond to minimum wage increases by increasing menu prices would depend on the responses of our competitors and consumers. Our distributors and suppliers could also be affected by higher minimum wage, benefit standards and compliance costs, which could result in higher costs for goods and services supplied to us.

We rely on our employees to accurately disclose the full amount of their tip income, and we base our FICA tax reporting on the disclosures provided to us by such tipped employees. Inaccurate FICA tax reporting could subject us to monetary liabilities, which could harm our business, results of operations and financial condition. For example, in March 2014, the IRS issued a final audit adjustment of $5.0 million to the us for the employer's share of FICA taxes related to cash tips unreported by the our employees during the calendar year 2010.

We are also subject, in the ordinary course of business, to employee claims against us based, among other things, on discrimination, harassment, wrongful termination, or violation of wage and labor laws. These claims may divert our financial and management resources that would otherwise be used to benefit our operations. The ongoing expense of any resulting lawsuits, and any substantial settlement payment or damage award against us, could adversely affect our business and results of operations.

We rely heavily on information technology in our operations and any material failure, weakness, interruption or breach of security could prevent us from effectively operating our business.

We rely heavily on information systems across our operations and corporate functions, including point-of-sale processing in our restaurants, management of our supply chain, payment of obligations, collection of cash, data warehousing to support analytics, finance and accounting systems and other various processes and procedures, some of which are handled by third parties. Our ability to efficiently and effectively manage our business depends significantly on the reliability and capacity of these systems. The failure of these systems to operate effectively, maintenance problems, upgrading or transitioning to new platforms, or a breach in security of these systems could result in delays in consumer service and reduce efficiency in our operations. These problems could adversely affect our results of operations, and remediation could result in significant unplanned capital investments.

Security breaches of confidential consumer information or personal employee information may adversely affect our business.

The majority of our restaurant sales are by credit or debit cards. Other restaurants and retailers have experienced security breaches in which credit and debit card information or other personal information of their consumers has been stolen. We also maintain certain personal information regarding our employees. Despite our implementation of security measures, all of our technology systems are vulnerable to damage, disability or failures due to physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, employee error or malfeasance, denial of service attacks, viruses, worms and other disruptive problems caused by hackers and cyber criminals. A breach in our systems that compromises the information of our consumers or employees could result in widespread negative publicity, damage to the reputation of our brands, a loss of consumers and legal liabilities.

We may in the future become subject to lawsuits or other proceedings for purportedly fraudulent transactions arising out of the actual or alleged theft of our consumers' credit or debit card information or if consumer or employee information is obtained by unauthorized persons or used inappropriately. Any such claim or proceeding, or any adverse publicity resulting from such an event, may have a material adverse effect on our business.

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

We are subject to income and other taxes in the United States and numerous foreign jurisdictions. Our effective income tax rate in the future could be adversely affected by a number of factors, including changes in the mix of earnings in countries with different statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws, the outcome of income tax audits, and any repatriation of non-U.S. earnings for which we have not previously provided for U.S. taxes. Although we believe our tax estimates are reasonable, the final determination of tax audits could be materially different from our historical income tax provisions and accruals. The results of a tax audit could have a material effect on our results of operations or cash flows in the period or periods for which that determination is made. In addition, our effective income tax rate and our results may be impacted by our ability to realize deferred tax benefits and by any increases or decreases of our valuation allowances applied to our existing deferred tax assets.

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

The performance of our restaurants depends on our ability to anticipate and react to changes in the price and availability of food commodities. Our business also incurs significant costs for energy, insurance, labor, marketing, and real estate. Prices may be affected due to supply, market changes, increased competition, the general risk of inflation, changes in laws, shortages or interruptions in supply due to weather, disease or other conditions beyond our control, or other reasons. Increased prices or shortages could affect the cost and quality of the items we buy or require us to raise prices, limit our menu options or implement alternative processes or products. For example, in 2014, commodity costs increased by 2.8% and we increased our prices at each of our concepts in the range of 2.7% to 3.1%. We cannot provide any assurance that we would be able to successfully offset increased costs by increasing menu prices or by other measures, as our ability to do so depends on a variety of factors, many of which are beyond our control. As result, these events, combined with other more general economic and demographic conditions, could impact our pricing and negatively affect our sales and profit margins.

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

We depend on frequent deliveries of fresh food products that meet our specifications and we have a limited number of suppliers for our major products, such as beef. In 2014, we purchased more than 90% of our beef raw materials from four beef suppliers that represent more than 90% of the total beef marketplace in the U.S. Due to the nature of our industry, we expect to continue to purchase a substantial amount of our beef from a small number of suppliers. We also use one supplier in the U.S. to process beef raw materials to our specifications and we use one distribution company to provide distribution services in the U.S. Although we have not experienced significant problems with our suppliers or distributor, if our suppliers or distributor are unable to fulfill their obligations under their contracts, we could encounter supply shortages and incur higher costs.

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

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

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

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

We are subject to lawsuits, administrative proceedings and claims that arise in the regular course of business. These matters typically involve claims by consumers, employees and others regarding issues such as food borne illness, food safety, premises liability, "dram shop" statute liability, compliance with wage and hour requirements, work-related injuries, discrimination, harassment, disability and other operational issues common to the foodservice industry, as well as contract disputes and intellectual property infringement matters. Significant legal fees and costs in complex class action litigation or an adverse judgment or settlement that is not insured or is in excess of insurance coverage could have a material adverse effect on our financial position and results of operations.

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

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

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

Regardless of the source or cause, any report of food-borne illnesses and other food safety issues, whether at one of our restaurants or in the industry or supply chain generally, could have a negative impact on our traffic and sales and adversely affect the reputation of our brands. Food safety issues could be caused by suppliers or distributors and, as a result, be out of our control. Health concerns or outbreaks of disease in a food product could also reduce demand for particular menu offerings. Even instances of food-borne illness, food tampering or food contamination occurring solely at restaurants of our competitors could result in negative publicity about the food service industry generally and adversely impact our sales. The occurrence of food-borne illnesses or food safety issues could also adversely affect the price and availability of affected ingredients, resulting in higher costs and lower margins.

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

Food service businesses are affected by changes in consumer tastes and demographic trends. For instance, if prevailing health or dietary preferences cause consumers to avoid steak and other products we offer in favor of foods that are perceived as more healthy, our business and operating results would be harmed. The increasing prevalence of food allergies and consumers with vegan and gluten-free diets, for example, may cause consumers to choose to dine out less frequently or choose other restaurants with different menu options.

Failure to maintain effective systems of internal control over financial reporting and disclosure controls and procedures could adversely affect the trading price of our common stock.

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

Risks Related to Our Indebtedness

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

We are highly leveraged. As of December 28, 2014, our total indebtedness was $1.3 billion. As of December 28, 2014, we also had $245.4 million in available unused borrowing capacity under our revolving credit facility, including undrawn letters of credit of $29.6 million.

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

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

We may incur substantial additional indebtedness in the future, subject to the restrictions contained in our senior secured credit facilities (the "Credit Facilities") and the commercial mortgage-backed securities loans entered into in March 2012 (the "2012 CMBS Loan"). If new indebtedness is added to our current debt levels, the related risks that we now face could increase.

We have $846.3 million of variable-rate debt outstanding under our Credit Facilities, and $45.1 million of the 2012 CMBS Loan bears interest based on a floating rate index. 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 forward start date of June 30, 2015 and mature on May 16, 2019. While these agreements limit our exposure to higher interest rates, an increase in the floating rate could cause a material increase in our interest expense due to the total amount of our outstanding variable rate indebtedness.

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

We are a holding company and conduct our operations through our subsidiaries, certain of which have incurred their own indebtedness. Our subsidiaries’ debt agreements contain various covenants that limit our ability to obtain funds from our subsidiaries through dividends, loans or advances. In addition, certain of our debt agreements limit our and our subsidiaries’ ability to, among other things, incur or guarantee additional indebtedness, pay dividends on, redeem or repurchase our capital stock, make certain acquisitions or investments, incur or permit to exist certain liens, enter into transactions with affiliates or sell our assets to, merge or consolidate with or into, another company. Our debt agreements require us to satisfy certain financial tests and ratios. Our ability to satisfy such tests and ratios may be affected by events outside of our control.

If we breach the covenants under our debt agreements, the lenders could elect to declare all amounts outstanding under the agreements to be immediately due and payable and terminate all commitments to extend further credit. If we are unable to repay those amounts, the lenders under the Credit Facilities and the 2012 CMBS Loan could proceed against the collateral granted to them to secure that indebtedness. We have pledged substantially all of our assets as collateral under our Credit Facilities and the 2012 CMBS Loan. If the lenders under the Credit Facilities and the 2012 CMBS Loan accelerate the repayment of borrowings, we cannot be certain that we will have sufficient assets to repay them.

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

Our ability to make scheduled payments on our debt obligations and to satisfy our operating lease obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to financial, business and other factors beyond our control. Our ability to refinance our indebtedness also depends on our financial condition, as well as credit market conditions, at the time. We cannot be certain that conditions will be favorable when our 2012 CMBS Loan matures in 2017 or when our Credit Facilities mature in 2019, or at any earlier time we may seek to refinance our debt. We cannot be certain that we will maintain a level of cash flow from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, or to pay our operating lease obligations. If our cash flow and capital resources are insufficient to fund our debt service obligations and operating lease obligations, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of sufficient operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations or take other actions to meet our debt service and other obligations. Our debt agreements restrict our ability to dispose of assets and how we may use the proceeds from the disposition. We may not be able to consummate those dispositions or to obtain the proceeds that we could otherwise realize from such dispositions and any such proceeds that are realized may not be adequate to meet any debt service obligations then due. The failure to meet our debt service obligations or the failure to remain in compliance with the financial covenants under our debt agreements would constitute an event of default under those agreements and the lenders could elect to declare all amounts outstanding under them to be immediately due and payable and terminate all commitments to extend further credit.

Risks Related to Our Common Stock

Our stock price is subject to volatility.

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

There may be sales of a substantial amount of our common stock by our current stockholders, and these sales could cause the price of our common stock to fall.

Sales of substantial amounts of our common stock in the public market, or the perception that such sales will occur, could adversely affect the market price of our common stock and make it difficult for us to raise funds through securities offerings in the future.

As of February 18, 2015, the Bain Capital Entities hold 14.5% of our outstanding common stock. Pursuant to a registration rights agreement to which we are party with the Bain Capital Entities and certain other stockholders, the Bain Capital Entities or such other stockholders may require us to file one or more prospectus supplements to the registration statement on Form S-3 we have filed with the SEC for the resale of shares, and any shares sold pursuant to such prospectus supplements would become eligible for sale without restriction by persons other than our affiliates.

If we are unable to continue to pay dividends or repurchase our stock, your investment in our common stock may decline in value.
We recently announced the initiation of a quarterly dividend program and stock repurchase program. The continuation of these programs will require the generation of sufficient cash flows. Any decisions to declare and pay dividends and continue the stock repurchase program in the future will be made at the discretion of our Board of Directors and will depend on, among other things, our results of operations, financial condition, cash requirements, borrowing capacity, contractual restrictions and other factors that our Board of Directors may deem relevant at the time.
Our ability to pay dividends is dependent on our ability to obtain funds from our subsidiaries and to have access to our revolving credit facility. Payment of dividends by OSI, our primary operating subsidiary, to Bloomin' Brands is restricted under our Credit Facilities to dividends for the purpose of paying Bloomin' Brands' franchise and income taxes and ordinary course operating expenses; dividends for certain other limited purposes; and other dividends subject to an aggregate cap over the term of the agreement. Restricted dividend payments from OSI to Bloomin' Brands can be made on an unlimited basis provided the total net leverage ratio does not exceed 2:50 to 1.00.
If we discontinue our dividend or stock repurchase program, or reduce the amount of the dividends we pay or stock that we repurchase, the price of our common stock may fall. As a result, you may not be able to resell your shares at or above the price you paid for them.

Provisions in our certificate of incorporation and bylaws, our 2012 CMBS Loan documents, our Credit Facilities and Delaware law may discourage, delay or prevent a change of control of our company or changes in our management and, therefore, may depress the trading price of our stock.

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

In addition, the mortgage loan agreement for the CMBS Loan and our Credit Facilities require that the Bain Capital Entities, our founders and our management stockholders or other permitted holders either own no less than 51% of our common stock or if they do not, that certain other conditions are satisfied, including that a new stockholder has not obtained ownership above certain thresholds. As of the date of this Report, no new stockholder has obtained ownership above those thresholds.

These provisions in our certificate of incorporation, bylaws, the 2012 CMBS Loan documents and Credit Facilities may discourage, delay or prevent a transaction involving a change in control of our company that is in the best interests of our stockholders. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging future takeover attempts.

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

The Bain Capital Entities have significant influence over us, including with respect to decisions that require the approval of stockholders, which could limit your ability to influence the outcome of key transactions, including a change of control.

As of February 18, 2015, the Bain Capital Entities beneficially own 14.5% of our outstanding common stock. As long as the Bain Capital Entities beneficially own at least 3% of our outstanding common stock, they will have the right to designate two nominees for election to our Board of Directors, with each nominee to serve in a separate class. The Bain Capital Entities are also entitled to have one of their nominees serve on each committee of our Board of Directors, other than the Audit Committee, subject to applicable law and stock exchange rules. As a result, for so long as the Bain Capital Entities beneficially own at least 3% of our outstanding common stock, they will continue to be able exercise substantial influence over our business and affairs.

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

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

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

As of December 28, 2014, we owned 20% of our restaurant sites and leased the remaining 80% of our restaurant sites from third parties. We had 1,510 system-wide restaurants located across the following states, territories or countries as of December 28, 2014:

U.S.							
COMPANY-OWNED						FRANCHISE	
Alabama	20	Louisiana	21	Ohio	48	Alabama	1
Arizona	30	Maryland	42	Oklahoma	11	Alaska	1
Arkansas	11	Massachusetts	20	Pennsylvania	45	California	63
California	22	Michigan	37	Puerto Rico	1	Florida	2
Colorado	30	Minnesota	9	Rhode Island	4	Idaho	6
Connecticut	15	Mississippi	2	South Carolina	39	Mississippi	7
Delaware	3	Missouri	16	South Dakota	2	Montana	2
Florida	224	Montana	1	Tennessee	36	Ohio	1
Georgia	49	Nebraska	7	Texas	73	Oregon	7
Hawaii	6	Nevada	17	Utah	6	Tennessee	3
Illinois	27	New Hampshire	2	Vermont	1	Washington	18
Indiana	23	New Jersey	44	Virginia	62		
Iowa	7	New Mexico	6	West Virginia	8		
Kansas	8	New York	46	Wisconsin	12		
Kentucky	17	North Carolina	65	Wyoming	2		
Total U.S. company-owned					1,177	Total U.S. franchise	111
INTERNATIONAL							
COMPANY-OWNED		FRANCHISE					
Brazil (1)	63	Australia	7				