



## **DineEquity, Inc. Announces Sale of 66 Applebee's Company-Operated Restaurants in New England to Apple American Group LLC**

May 31, 2011

GLENDALE, CA, May 31, 2011 (MARKETWIRE via COMTEX) --

DineEquity, Inc. (NYSE: DIN), parent company of Applebee's Neighborhood Grill & Bar and IHOP Restaurants, today announced that it has entered into an asset purchase agreement with Apple American Group LLC for the sale of 66 Applebee's company-operated restaurants located in Massachusetts, New Hampshire, Maine, Rhode Island, Vermont and parts of New York. The agreement does not contain financing contingencies, but closing is subject to regulatory processes related to liquor license transfers and other customary closing conditions. In addition, Apple American has agreed to accelerate the brand's revitalization plan by completing remodels of all Applebee's restaurants in New England by the end of 2012.

The transaction is expected to result in net proceeds after taxes of approximately \$49 million and reduce DineEquity's sale-leaseback related financing obligations by approximately \$12 million, of which \$9 million will be removed from DineEquity's balance sheet. The Company expects to pay approximately \$9 million related to the settlement of net working capital liabilities and deal costs. Additionally, the sale of these Applebee's company-operated restaurants will result in approximately \$3 million in annualized general and administrative savings. The average per unit sales volume of these Applebee's company-operated restaurants for the trailing twelve months ended March 31, 2011 was \$2.1 million and the restaurant operating margin was 11.5%. The Company anticipates closing the transaction in the third quarter of 2011.

"We are delighted to move one step further towards achieving our long-term strategic goal of becoming a predominantly franchised system," said Julia A. Stewart, DineEquity's chairman and chief executive officer. "Since the closing of the acquisition of Applebee's in November 2007, we have refranchised more than half of Applebee's company-operated restaurants, enabling us to leverage free cash flow to pay down debt and focus on enhancing the Applebee's restaurant experience through comprehensive marketing, menu, operations and remodel strategies."

Gregory G. Flynn, Apple American's founder, chairman and chief executive officer, said, "We have great confidence in the strength of the Applebee's brand and look forward to working with employees at the 66 restaurants in the New England market to deliver an outstanding dining experience to customers. We're particularly excited about the opportunity to enhance the performance of these restaurants through an expedited revitalization program and anticipate that this program will allow us to drive sales and profits to new heights, more than justifying the additional investment."

To date, DineEquity has sold a total of 258 Applebee's company-operated restaurants since its acquisition of Applebee's International in November 2007. This includes previously announced transactions already completed in the first quarter of 2011 for the sale of 65 Applebee's company-operated restaurants in St. Louis, Missouri, parts of Illinois and Washington, D.C.

Upon consummation of the pending sales of 66 additional Applebee's company-operated restaurants, as detailed in this news release, 95% of DineEquity's restaurants will be franchised. The Company believes that its increasingly franchised business model is less capital intensive and experiences less volatility in cash flow performance compared to the operation of company-operated restaurants.

The Company will update its 2011 financial performance guidance to account for the New England transaction concurrently with the disclosure of second quarter 2011 results.

Apple American Group owns and operates 270 Applebee's Neighborhood Grill and Bar restaurants in California, Delaware, Indiana, Minnesota, New Jersey, Ohio, Pennsylvania, Nevada, Washington, West Virginia and Wisconsin. With over 16,000 employees, Apple American is the largest franchisee in the Applebee's system, the largest U.S. casual dining franchisee, and the second largest franchisee of any concept in the U.S. More information is available at [www.appleamerican.com](http://www.appleamerican.com). To date, DineEquity has completed three refranchising transactions with Apple American Group since the November 2007 acquisition of Applebee's.

About DineEquity, Inc.

Based in Glendale, California, DineEquity, Inc., through its subsidiaries, franchises and operates restaurants under the Applebee's Neighborhood Grill & Bar and IHOP brands. With more than 3,500 restaurants combined, DineEquity is the largest full-service restaurant company in the world. For more information on DineEquity, visit the Company's Web site located at [www.dineequity.com](http://www.dineequity.com).

### **Forward-Looking Statements**

Statements contained in this release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by words such as "may," "will," "should," "expect," "anticipate," "believe," "estimate," "intend," "plan" and other similar expressions. These statements involve known and unknown risks, uncertainties and other factors, which may cause actual results to be materially different from those expressed or implied in such statements. These factors include, but are not limited to: the effect of general economic conditions; the Company's substantial indebtedness; risk of future impairment charges; the Company's results in any given period differing from guidance provided to the public; the highly competitive nature of the restaurant business; the Company's business strategy failing to achieve anticipated results; risks associated with the restaurant industry; shortages or interruptions in the supply or delivery of food; changing health or dietary preferences; harm to our brands' reputation; litigation; environmental liability; liability relating to employees; failure to comply with applicable laws and regulations; failure to effectively implement restaurant development plans; concentration of Applebee's franchised restaurants in a limited number of franchisees; credit risk from IHOP franchisees operating under our previous business model; termination or non-renewal of franchise agreements;

franchisees breaching their franchise agreements; changes in the number and quality of franchisees; inability of franchisees to fund capital expenditures; third-party claims with respect to intellectual property assets; heavy dependence on information technology; failure to protect the integrity and security of individually identifiable information; and other factors discussed from time to time in the Company's Annual and Quarterly Reports on Forms 10-K and 10-Q and in the Company's other filings with the Securities and Exchange Commission. The forward-looking statements contained in this release are made as of the date hereof and the Company assumes no obligation to update or supplement any forward-looking statements.

SOURCE: DineEquity, Inc.