UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2018

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 001-15283

Dine Brands Global, Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**95-3038279** (I.R.S. Employer Identification No.)
450 North Brand Boulevard, Glendale, California (Address of principal executive offices)	**91203-2306** (Zip Code)

Registrant's telephone number, including area code: **(818) 240-6055**

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

Title of each class	Name of each exchange on which registered
Common Stock, $.01 Par Value	New York Stock Exchange

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§232.405) 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. ☒

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

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

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

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2018: $1.26 billion.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	February 15, 2019
Common Stock, $.01 par value	17,533,991

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Annual Meeting of Stockholders to be held on Tuesday, May 14, 2019 (the "2019 Proxy Statement") are incorporated by reference into Part III.

DINE BRANDS GLOBAL, INC. AND SUBSIDIARIES

Annual Report on Form 10-K

For the Fiscal Year Ended December 31, 2018

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Cautionary Statement Regarding Forward-Looking Statements

Statements contained in this Annual Report on Form 10-K may constitute “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 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. You can identify these forward-looking statements by words such as “may,” “will,” “would,” “should,” “could,” “expect,” “anticipate,” “believe,” “estimate,” “intend,” “plan,” “goal” and other similar expressions. You should consider our forward-looking statements in light of the risks discussed under the heading “Risk Factors,” as well as our consolidated financial statements, related notes, and the other financial information appearing elsewhere in this report and our other filings with the United States Securities and Exchange Commission. The forward-looking statements contained in this report are made as of the date hereof and the Company does not intend to, nor does it assume any obligation to, update or supplement any forward-looking statements after the date of this report to reflect actual results or future events or circumstances.

Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this Annual Report on Form 10-K include, among other things: general economic conditions; our level of indebtedness; compliance with the terms of our securitized debt; our ability to refinance our current indebtedness or obtain additional financing; our dependence on information technology; potential cyber incidents; the implementation of restaurant development plans; our dependence on our franchisees; the concentration of our Applebee’s franchised restaurants in a limited number of franchisees; the financial health of our franchisees; our franchisees’ and other licensees’ compliance with our quality standards and trademark usage; general risks associated with the restaurant industry; potential harm to our brands' reputation; possible future impairment charges; the effects of tax reform; trading volatility and fluctuations in the price of our stock; our ability to achieve the financial guidance we provide to investors; successful implementation of our business strategy; the availability of suitable locations for new restaurants; shortages or interruptions in the supply or delivery of products from third parties or availability of utilities; the management and forecasting of appropriate inventory levels; development and implementation of innovative marketing and use of social media; changing health or dietary preference of consumers; risks associated with doing business in international markets; the results of litigation and other legal proceedings; third-party claims with respect to intellectual property assets; our ability to attract and retain management and other key employees; compliance with federal, state and local governmental regulations; risks associated with our self-insurance; natural disasters or other serious incidents; our success with development initiatives outside of our core business; the adequacy of our internal controls over financial reporting and future changes in accounting standards.

Fiscal Year End

We have a 52/53 week fiscal year ending on the Sunday nearest to December 31 of each year. For convenience, in this annual report on Form 10-K, we refer to all fiscal years as ending on December 31 and all interim fiscal quarters as ending on March 31, June 30 and September 30 of the respective fiscal year. There were 52 calendar weeks in our 2018, 2017 and 2016 fiscal years that ended on December 30, 2018, December 31, 2017, and January 1, 2017, respectively.

PART I

Item 1. Business

Dine Brands Global, Inc.SM, together with its subsidiaries (referred to as the "Company," "Dine Brands Global," "we," "our" and "us"), owns, franchises and operates the Applebee's Neighborhood Grill + Bar® ("Applebee's") concept in the bar and grill segment within the casual dining category of the restaurant industry and owns and franchises the International House of Pancakes® ("IHOP") concept in the family dining category of the restaurant industry. References herein to Applebee's® and IHOP® restaurants are to these two restaurant concepts, whether operated by franchisees, area licensees and their sub-licensees or by us. As of December 31, 2018, the substantial majority of our 3,668 restaurants across both brands were franchised. We believe this highly franchised business model requires less capital investment and general and administrative overhead, generates higher gross profit margins and reduces the volatility of adjusted free cash flow performance, as compared to a business model based on owning a significant number of company-operated restaurants.

We generated revenue from five operating segments during the year ended December 31, 2018, comprised as follows:

- Our two franchise operations (each a separate operating segment) - primarily royalties, advertising fees and other income from 1,768 Applebee's franchised restaurants and 1,831 IHOP franchised and area licensed restaurants;
- Rental operations - primarily rental income derived from lease or sublease agreements covering 676 IHOP franchised restaurants and one Applebee's franchised restaurant;
- Financing operations - primarily interest income from approximately $66 million of receivables for equipment leases and franchise fee notes generally associated with IHOP franchised restaurants developed before 2003; and
- Company restaurant operations - retail sales from 69 Applebee's company restaurants we acquired from a former Applebee's franchisee in December 2018.

Most of our revenue is derived from domestic sources within these five operating segments, with approximately 82% of our total 2018 revenues being generated from our two franchise operating segments. Internationally, our restaurants are in 17 countries outside the United States and three United States territories. Revenue derived from all international operations comprised less than 3% of total consolidated revenue for the year ended December 31, 2018. At December 31, 2018, there were no long-lived assets located outside of the United States. See Note 19 - Segment Reporting, of the Notes to the Consolidated Financial Statements included in this report for additional segment information.

This report should be read in conjunction with the cautionary statements under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Cautionary Statement Regarding Forward-Looking Statements."

Our Goal

Our goal is to accelerate profitable growth and create significant value for shareholders and franchisees.

Our Strategic Priorities

To build value, we seek to maximize our business by focusing on the following key strategic priorities:

- Evolve strong brands and drive same-restaurant and system sales growth;
- Facilitate franchisee restaurant development; and
- Maintain strong financial discipline.

Our fundamental approach to brand building centers on a strategic combination of initiatives to continually innovate and evolve our existing brands as well as explore small investments in or acquisitions of new concepts. We intend to leverage our significant scale and our franchise business model to drive robust margins and cash flows. We are actively supporting our brands with focused teams that are responsible and accountable at the brand level to drive strong performance. In partnership with our franchisees, significant investments have been made and will continue to be made in marketing across traditional and digital channels to drive traffic to our restaurants. We are placing greater emphasis on quantitative analytics to leverage our favorable guest dynamics. We are investing in technology to create more ways for customers to access our brands and in new growth platforms such as on-line ordering, off premise business and delivery.

In executing on these strategic priorities, we recognize our responsibility to drive long-term stockholder value through ethical business practices. Our corporate social responsibility efforts are organized into the following categories: caring for the environment, supporting our neighborhoods and valuing our team members. For additional information, please refer to the Impact and Sustainability section of our website at **www.dinebrands.com**

We will continue to focus on generating strong adjusted free cash flow and returning a substantial portion of it to stockholders.

Our History

The first IHOP restaurant opened in 1958 in Toluca Lake, California. Since that time, the Company and its predecessors have engaged in the development, franchising and operation of IHOP restaurants. Prior to 2003, new IHOP restaurants were generally developed by us, and we were involved in all aspects of the construction and financing of the restaurants. We typically identified and leased or purchased the restaurant sites for new company-developed IHOP restaurants, built and equipped the restaurants and then franchised them to franchisees. In addition, we typically financed as much as 80% of the franchise fee for periods ranging from five to eight years and leased the restaurant and equipment to the franchisee over a 25-year period. We refer to this as our "Previous IHOP Business Model," which accounts for most of the activity in our rental and financing operations.

For most IHOP restaurants opened after 2003, the franchisee is primarily responsible for the development and financing of the restaurant. In general, we no longer provide any financing with respect to the franchise fee, restaurant site or equipment. The franchisee uses its own capital and financial resources along with third-party financial sources obtained by the franchisee to purchase or lease a restaurant site, build and equip the business and fund its working capital needs. We refer to this as our "Current IHOP Business Model."

The first restaurant in what became the Applebee's chain opened in 1980 in Decatur, Georgia. Applebee's International, Inc, ("AII") became a public company in 1989, comprised of 100 restaurants. In November 2007, we completed the acquisition of AII, which comprised 1,455 franchised restaurants and 510 company-operated restaurants at the time of the acquisition.

Restaurant Concepts

Applebee's

We franchise and operate Applebee's restaurants in the bar and grill segment within the casual dining category of the restaurant industry. As one of the world's largest casual dining brands, Applebee's Neighborhood Grill + Bar offers guests a dining experience that combines simple American fare with classic drinks and local drafts - all for a moderate price. Applebee's restaurants that are franchised are owned and operated by franchisees dedicated to the neighborhoods they serve.

We strive to provide genuine and neighborly service, appetizers, drinks and entrees and limited-time offers. Our menu features a selection of grill and bar fare, such as appetizers, bar snacks, burgers, classic entrees and lighter fare, as well as cocktails, beers and desserts. We continue to enhance our very popular "Eatin' Good in the Neighborhood" positioning, with creative, targeted, occasion-based and insight-driven marketing initiatives, such as "All-You-Can-Eat Riblets, Tenders and Shrimp" and our Neighborhood drink of the month promotions that we kicked off with the first "Dollarita" promotion in October 2017. We offer "Lighter Plates with Great Taste" which include meals like the Shrimp Wonton Stir Fry or Cedar Grilled Lemon Chicken. Applebee's offers online ordering and Carside To-Go options, with delivery available through leading national service providers, such as DoorDash, Grubhub and Amazon Restaurants.

As of December 31, 2018, 56 franchise groups operated 1,768 Applebee's franchise restaurants. We operated 69 Applebee's restaurants acquired from a former franchisee in December 2018. Applebee's restaurants were in all 50 states within the United States, two United States territories and 13 countries outside of the United States. The June 18, 2018 issue of *Nation's Restaurant News* reported Applebee's was the largest casual dining concept in terms of 2017 United States system-wide sales.

IHOP

We franchise restaurants in the family dining category of the restaurant industry under the names IHOP and International House of Pancakes. IHOP restaurants feature full table service and high quality, moderately priced food and beverage offerings in an attractive and comfortable family atmosphere. Although the restaurants are best known for their award-winning pancakes and putting an unexpected twist on "all things breakfast, any time of the day," IHOP is committed to accelerating growth through menu innovation, daypart expansion, off-premise initiatives and development. Focused on meeting the needs of today's guest, IHOP leverages industry analytics and brand-specific insights to help effectively drive positive behaviors, including increased frequency and check averages.

IHOP restaurants are open throughout the day and evening hours. Approximately half of IHOP restaurants operate 24 hours a day, seven days a week, with 225 additional restaurants operating 24 hours a day for some portion of the week. We announced the most comprehensive remodel program in our brand's 60-year history, "Rise 'N' Shine," in late 2015. Since starting the program in 2016, our domestic franchisees have remodeled 890 of their restaurants. Including new restaurants opened in the past three years, approximately two-thirds of our domestic IHOP franchise restaurants reflect the new, contemporary look. We remain committed to giving more people, more reasons to enjoy more IHOP, more often. Placing an emphasis on building its IHOP 'N' Go business, IHOP introduced an online ordering platform, a mobile app, and a national delivery program with leading service providers including DoorDash, Grubhub, and Amazon Restaurants this year.

As of December 31, 2018, 319 franchise groups operated 1,831 IHOP franchise and area license restaurants. These restaurants were in all 50 states within the United States, in the District of Columbia, in three United States territories and 12 countries outside of the United States. We no longer operate any company-owned restaurants, but we may operate, on a temporary basis until refranchised, IHOP restaurants that we reacquire for a variety of reasons from IHOP franchisees. The June 18, 2018 issue of *Nation's Restaurant News* reported IHOP was the largest family dining concept in terms of 2017 United States system-wide sales.

See Item 2 - Properties, for the geographic location of all Applebee’s and IHOP restaurants.

Franchising

Franchisee Relationships

We highly value good relationships with our IHOP and Applebee's franchisees and strive to maintain positive working relationships with them. For several years, IHOP and Applebee’s franchisees have participated in Company-sponsored advisory groups. These groups provide a forum for franchisees to share demonstrated best practices, offer counsel and review successful strategies, while working side-by-side with management of the Applebee's and IHOP brands. Applebee’s sponsors its Franchise Brand Council (“FBC”), which consists of eight franchisee representatives. One franchisee representative, the founder of Applebee's, is a member for life, while the other franchisee representatives are elected by our franchisees. IHOP sponsors its Franchise Leadership Council (“FLC”), an elected and appointed body of 12 IHOP franchisees. The Applebee's FBC and the IHOP FLC assist Applebee's and IHOP senior management in key areas of the business and strategy, including brand marketing, operations, restaurant development, information technology, menu, and innovation.

Franchise Agreements and Fees

Franchise arrangements for Applebee's restaurants typically consist of a development agreement and a separate franchise agreement for each restaurant. Development agreements grant to the franchisee the exclusive right to develop Applebee's restaurants within a designated geographical area over a specified period of time. The term of a domestic development agreement is generally 20 years. The development agreements typically provide for initial development periods of one to five years as agreed upon by us and the franchisee. At or shortly prior to the completion of the initial development schedule or any subsequent supplemental development schedule, we and the franchisee may execute supplemental development schedules providing for the development of additional Applebee's restaurants in the franchisee's exclusive territory.

Prior to the opening of each new Applebee's restaurant, we enter into a separate franchise agreement with the franchisee for that restaurant. Our current standard domestic Applebee's franchise agreement provides for an initial term of 20 years and provides an option for four successive renewal terms, in five-year increments, for up to an additional 20 years, upon payment of an additional franchise fee. Our current standard domestic Applebee's franchise arrangement calls for a development fee equal to $10,000 for each Applebee's restaurant that the franchisee contracts to develop and an initial franchisee fee of $35,000 for each restaurant developed (against which the $10,000 development fee will be credited) and a royalty fee equal to 4% of the restaurant's monthly gross sales. Our agreements for most Applebee's restaurants opened before January 1, 2000, provide for a royalty rate of 4%, while the terms, royalty rate and advertising fees under a limited number of franchise agreements and other franchise fees under older development agreements vary from the currently offered arrangements.

Under the Current IHOP Business Model, a potential franchisee that is approved first enters into a single-restaurant franchise agreement, a single-restaurant development agreement, or a multi-restaurant development agreement with us and is responsible for the development and financing of one or more new IHOP franchised restaurants. Our current standard domestic IHOP franchise agreement typically provides for an initial term of 20 years and permits one renewal for a term of 10 years, upon payment of a renewal fee of $10,000.

The revenues we receive from a typical domestic franchise development arrangement under the Current IHOP Business Model include (a) a location fee equal to $15,000 for an IHOP restaurant that the franchisee contracts to develop upon execution of a single-restaurant development agreement; (b) a development fee equal to $20,000 for each IHOP restaurant that the franchisee contracts to develop upon execution of a multi-restaurant development agreement; (c) an initial franchise fee equal to (i) $40,000 (against which the $20,000 development fee will be credited) for each restaurant developed under a multi-restaurant development agreement, (ii) $50,000 (against which the $15,000 location fee will be credited) for a restaurant developed under a single-restaurant development agreement or (iii) $50,000 for a restaurant opened pursuant to a single-restaurant franchise agreement, in each case paid upon execution of the franchise agreement; (d) franchise royalties equal to 4.5% of weekly gross sales; (e) revenue from the sale of our proprietary pancake and waffle dry-mixes; and (f) franchise advertising fees.

The principal commercial terms of the franchise arrangements under the Previous IHOP Business Model and the Current IHOP Business Model, including the franchise royalties and the franchise advertising fees, are substantially the same except with respect to the terms relating to the franchise fee, lease or sublease rents for the restaurant property and building, and interest income from any franchise fee notes and equipment leases.

Development of Applebee’s and IHOP restaurants outside of the United States has historically been conducted through a separate development agreement and franchise agreement. More recently, certain franchisees have entered into a multi-unit franchise agreement that governs the rights and obligations to develop a territory, in addition to terms of operating each restaurant opened in the territory. The term of a franchisee’s exclusive right to develop a territory expires when the agreement’s development schedule is completed. The term to operate the restaurant is typically 20 years, subject to applicable renewals.

In limited instances, we have agreed to accept reduced royalties and/or lease payments from franchisees or have provided other accommodations to franchisees for specified periods of time to assist them in either establishing or reinvigorating their businesses. We have the contractual right, subject to applicable law, to terminate a development and franchise agreement for a variety of reasons, such as a franchisee’s failure to make required payments when due, failure to timely develop restaurants and failure to adhere to specified brand policies and standards.

Advertising Fees

We currently require domestic franchisees of Applebee's restaurants to contribute 3.25% of their gross sales to a national advertising fund, which funds the development of national promotions, television and radio commercials and print advertising materials. Applebee's franchisees are also required to spend at least 0.5% of their gross sales on local marketing and promotional activities. Under the current Applebee's franchise agreements, we have the ability to increase the amount of the required combined contribution to the national advertising fund and the amount required to be spent on local marketing and promotional activities to a maximum of 5% of gross sales. All domestic Applebee’s franchisees have entered into an amendment to their franchise agreements to increase their contribution to the Applebee's national advertising fund (the “Applebee’s NAF”), with virtually all agreeing to a 0.25% increase to 3.50% of their gross sales and a decrease to their minimum local promotional expenditures to 0.25% of their gross sales for the period from January 1, 2018 to December 31, 2019. Such franchisees also agreed to an incremental temporary increase of 0.75% in the advertising contribution rate to 4.25% effective July 1, 2018 to December 31, 2019.

IHOP franchisees allocate a percentage of their sales to local advertising cooperatives and a national advertising fund (the “IHOP NAF”). The IHOP franchise agreements generally provide for advertising fees comprised of (i) a local advertising fee generally equal to 2.0% of weekly gross sales under the franchise agreement, which is typically used to cover the cost of local media purchases and other local advertising expenses incurred by a local advertising cooperative, and (ii) a national advertising fee equal to 1.0% of weekly gross sales under the franchise agreement. Area licensees are generally required to pay lesser amounts toward advertising.

The local IHOP advertising cooperatives have historically used advertising fees for various local marketing programs. The IHOP NAF is primarily used for buying media and national advertising, in addition to the related production costs. The IHOP NAF is also used to defray certain expenses associated with our marketing and advertising functions.

Beginning in 2005, and every year thereafter, we and the IHOP franchisees agreed to reallocate portions of the local advertising fees to purchase national broadcast, syndication and cable television time to reach our target audience more frequently and more cost effectively.

In 2014, we and franchisees whose restaurants account for a large majority of total annual contributions to the IHOP NAF entered into franchise agreement amendments that increased the advertising contribution percentage of those restaurants' gross sales. Pursuant to the amendment, for the period from June 30, 2014 to December 31, 2014, 2.74% of each participating restaurant's gross sales was contributed to the IHOP NAF and 0.76% was contributed to local advertising cooperatives. For the period from January 1, 2015 to December 31, 2017, 3.50% of each participating restaurant's gross sales was contributed to the IHOP NAF with no significant contribution to local advertising cooperatives required. The amended advertising contribution percentage was also applicable to all new franchise agreements and to IHOP company-operated restaurants open at the time. In 2016, we and franchisees whose restaurants account for a large majority of total annual contributions to the IHOP NAF extended this additional contribution through 2022. The current IHOP franchise agreements generally provide for advertising fees comprised of (i) a local advertising fee equal to 0% of gross sales under the franchise agreement, and (ii) a national advertising fee equal to 3.5% of weekly gross sales under the franchise agreement. Commencing on January 1, 2023, the local advertising fee and the national advertising fee are subject to change.

IHOP Area License Agreements

We have entered into three long-term area license agreements for IHOP restaurants covering the state of Florida and certain counties in the state of Georgia, the province of British Columbia, Canada and the country of Pakistan. The area license agreements provide the licensees with the right to develop and franchise new IHOP restaurants in their respective territories and provide for royalties ranging from 1.0% to 4.5% of gross sales and advertising fees ranging from 0.25% to approximately 2.0% of gross sales. During 2014, the advertising fee contribution provisions of the Florida area license agreement were amended for the period through December 31, 2017 on substantially similar terms as the franchise agreement amendment described above and such amendments were subsequently extended through 2022. We also derive revenues from the sale of proprietary products to these area licensees and, in certain instances, to their sub-franchisees. Revenues from our area licensees are included in franchise operations revenues.

As of December 31, 2018, the area licensee for the state of Florida and certain counties in Georgia operated or sub-franchised a total of 150 IHOP restaurants. The area licensee for the province of British Columbia, Canada operated or sub-franchised a total of 12 IHOP restaurants. The area licensee for the country of Pakistan is required to open its first IHOP restaurant in 2019. The area license for British Columbia expires in 2026. The area license for Florida and Georgia expires in 2120. The area license for Pakistan expires in 2027.

Other Franchise-related Revenues and Fees

Approximately 90% of franchise segment revenue for the year ended December 31, 2018 consisted of Applebee's and IHOP royalties and advertising revenue. Most of the remaining 10% consisted of sales of proprietary products (primarily IHOP pancake and waffle dry-mix), initial franchise and renewal fees and software maintenance and support fees. Depending on circumstances, we may seek to recover a portion of any royalties and fees lost due to early termination of a franchise agreement; however, not all franchise restaurant closures necessarily result in our receipt of such fees.

International Franchising

We continue to pursue international franchising of the Applebee's and the IHOP concepts. To this end, we seek qualified franchisees that possess the financial, development and operational resources needed to open multiple restaurants in each territory and are experienced in conducting business in the development territory. We work closely with our international franchisees to develop and implement the Applebee's and IHOP systems outside the United States, recognizing commercial, cultural and dietary diversity. Differences in tastes and cultural norms and standards require that we be flexible and pragmatic regarding many elements of the Applebee's and IHOP systems, including menu, restaurant design, restaurant operations, training, marketing, purchasing and financing.

The success of further international expansion will depend on, among other things, local acceptance of the Applebee's and IHOP concepts and menu offerings and our ability to attract qualified franchisees and operating personnel. Our franchisees must comply with the regulatory requirements of the local jurisdictions.

Domestic and International Franchise Restaurant Development

Each franchisee is responsible for selecting the site for each new restaurant. We may consult with franchisees when they are selecting appropriate sites, and selections made by franchisees are subject to our approval. We also conduct a physical inspection, review any proposed lease or purchase agreement for compliance with our requirements and may make available to franchisees demographic and other studies for domestic restaurants. We make the design specifications for a typical restaurant available to franchisees, and we retain the right to prohibit or modify the use of any set of plans.

As of December 31, 2018, we had signed commitments from IHOP franchisees to build 290 IHOP restaurants over the next 15 years, comprised of five restaurants under single restaurant or non-traditional development agreements, 153 restaurants under domestic multi-restaurant development agreements and 132 restaurants under international development agreements. We announced agreements in 2018 that will bring the first IHOP restaurants to South America, with agreements signed for the development of 25 IHOP restaurants in Peru and 12 restaurants in Ecuador. The signed agreements include options to build an additional 35 restaurants over the next 12 years, primarily under domestic multi-restaurant development agreements. As of December 31, 2018, Applebee’s development agreements in place call for the opening of 34 international restaurants over the next 10 years. While Applebee's also has domestic development agreements in place, we do not expect a significant number of Applebee's restaurants will be opened domestically in the near future. Developers’ level of compliance with development obligations vary per year and could change and, therefore, may not be a reliable indicator of future development activity for any given period of time.

Franchise Operations

We continuously monitor franchise restaurant operations. Company and third-party representatives make both scheduled and unannounced inspections of franchised restaurants to ensure that only approved products are in use and that our prescribed operations practices and procedures are being followed. We have the right to terminate a franchise agreement if a franchisee does not operate and maintain a restaurant in accordance with our requirements. Due to cultural and regulatory differences, we may have different requirements for restaurants opened outside of the United States. We also monitor the financial health of our franchisees through business and financial reviews.

Composition of Franchise Systems

As of December 31, 2018, 34 Applebee’s franchisees owned a total of 1,624 domestic Applebee's restaurants. The number of domestic restaurants held by a single franchisee ranged from one restaurant to 459 restaurants. As of December 31, 2018, 22 franchisees owned a total of 144 international Applebee's restaurants. The number of international restaurants held by a single franchisee ranged from one restaurant to 22 restaurants. Our five largest Applebee’s franchisees owned 50% of the total 1,768 Applebee's restaurants.

As of December 31, 2018, 297 franchisees owned a total of 1,705 domestic IHOP restaurants, including 125 franchisees that each owned one restaurant. The largest single IHOP franchisee owned 299 domestic restaurants. As of December 31, 2018, 22 franchisees owned a total of 126 international IHOP franchise restaurants. The number of international restaurants held by a single franchisee ranged from one restaurant to 34 restaurants. Our five largest IHOP franchisees owned 31% of the total 1,831 IHOP restaurants.

Company-Operated Restaurants

At the beginning of fiscal 2018, we did not operate any restaurants of either brand on a permanent basis. In December 2018, we acquired 69 Applebee's restaurants in North and South Carolina from a former Applebee's franchisee. While we currently intend to own and operate these restaurants for the near term, we will assess and monitor opportunities to refranchise these restaurants under favorable circumstances. We believe this transaction was a unique circumstance and should not be considered a change in our business strategy.

Our business strategy includes the addition of new brands to our restaurant portfolio through mergers and acquisitions, which may result in our acquiring additional company-operated restaurants.

From time to time, we also may reacquire a very small number of restaurants from franchisees for a variety of reasons. Historically, we have been able to quickly refranchise these restaurants to new franchisees. When reacquired restaurants are not quickly refranchised, we typically operate the reacquired restaurants until they can be refranchised. These temporarily reacquired restaurants may require investments in remodeling and rehabilitation before they can be refranchised. As a result, a reacquired restaurant may incur operating losses for some period of time.

Supply Chain

In February 2009, Centralized Supply Chain Services, LLC (“CSCS” or the “Co-op”), an independent cooperative entity, was formed by us and franchisees of Applebee's and IHOP domestic restaurants. CSCS has been appointed as the sole authorized purchasing organization and purchasing agent for goods, equipment and distribution services for Applebee's and IHOP restaurants in the United States. As of December 31, 2018, 100% of Applebee's domestic franchise restaurants and slightly less than 100% of IHOP domestic franchise restaurants were members of CSCS.

CSCS combines the purchasing volume for goods, equipment and distribution services within and across the Applebee's and IHOP concepts. Its mission is to achieve for its members the benefit of continuously available goods, higher quality equipment and distribution services in adequate quantities at the lowest possible sustainable prices. We do not control CSCS, but do have contractual rights associated with supplier certification, quality assurance and protection of our intellectual property. The operations of CSCS are funded by a separately stated administrative fee added to one or more products purchased by operators.

We believe the larger scale provided by combining the supply chain requirements of both brands provides continuing cost savings and efficiencies while helping to ensure compliance with our quality and safety standards.

Industry Overview and Competition

Applebee's and IHOP are among the numerous restaurant chains and independent restaurants competing in the restaurant industry in the United States. The restaurant industry is generally categorized into segments by price point ranges, the types of food and beverages offered and the types of service available to customers. These segments include, among others, fast food or quick service restaurants (“QSR”), fast-casual dining, family dining, casual dining and fine dining. Casual dining restaurants offer full table service and typically have bars or serve liquor, wine and beer, while family dining restaurants offer full table service, typically do not have bars or serve liquor, and usually offer breakfast in addition to lunch and dinner items.

Applebee's competes in the casual dining segment against national and multi-state restaurant chains such as Olive Garden, Buffalo Wild Wings, Chili's Grill & Bar, Outback Steakhouse and Texas Roadhouse, among others, as well as fast-casual restaurant chains. In addition, there are many independent restaurants across the country in the casual dining segment. The June 18, 2018 issue of *Nation's Restaurant News* reported that Applebee's was the largest casual dining concept in terms of 2017 United States system-wide sales.

IHOP competes in the family dining segment against national and multi-state restaurant chains such as Cracker Barrel Old Country Store, Denny's, Golden Corral, Waffle House and Bob Evans Restaurants. IHOP also faces competition from QSR restaurant chains and fast-casual restaurant chains that serve breakfast. In addition, there are many independent restaurants and diners across the country in the family dining segment. The June 18, 2018 issue of *Nation's Restaurant News* reported that IHOP was the largest family dining concept in terms of 2017 United States system-wide sales.

The restaurant and related food-service industries are highly competitive and are affected by, among other things, economic conditions, price levels, on-going changes in eating habits and food preferences, population trends and traffic patterns. The principal bases of competition in the industry are the type, quality and price of the food products served. Restaurant location, quality and speed of service, advertising, name identification and attractiveness of facilities are important. Additionally, changes in the price of groceries may influence the attractiveness of dining at home versus dining out.

The market for high quality commercial real estate is also very competitive. We and our franchisees compete with other restaurant chains and retail businesses for suitable sites for the development of new restaurants. We also compete against other franchisors both within and outside the restaurant industry for new franchisees. For further information regarding competition, see Item 1A, Risk Factors.

Trademarks and Service Marks

We and our affiliates have registered or submitted registrations for certain trademarks and service marks with the United States Patent and Trademark Office and various international jurisdictions, including “Dine Brands Global^{SM}.” We own trademarks and service marks used in the Applebee's system, including various logos and the trademarks “Applebee's®,” “Applebee's Neighborhood Grill + Bar®” and variations of each. In addition, we own trademarks and service marks used in the IHOP system, including various logos and the trademarks “IHOP®,” “International House of Pancakes®” and variations of each.

We consider our trademarks and service marks important to the identification of our company and our restaurants and believe they are of material importance to the conduct of our business. Depending upon the jurisdiction, trademarks and service marks generally are valid as long as they are used and/or registered. We generally intend to renew our trademarks and service marks as they come up for renewal. We own or have rights to all trademarks we believe are material to our restaurant operations. In addition, we have registered various domain names on the Internet that incorporate certain of our trademarks and service marks and believe these domain name registrations are an integral part of our identity. From time to time, we may take appropriate legal action to defend and protect the use of our intellectual property.

Information Technology

We use in-house developed and third-party point of sale systems, kitchen data systems, and back-of-the house systems for accounting, labor and inventory management in our franchisees' restaurants. In addition, we have several consumer-facing technology initiatives focused on improving our customers' experience. Sales and product mix information is transmitted to our restaurant support centers daily and this information supports our operations and marketing initiatives. We mitigate the potential impact from operational interruption of our information technology systems through a disaster recovery plan that is updated on a regular basis. We believe that technology is and will continue to be a key component of our long-term plans and are committed to providing system stability and targeted innovation. Our use of technology, particularly in terms of managing electronic payments and confidential information, also represents security and operational risks that we must manage and may result in additional costs incurred.

Protection of financial and personal information is a high priority for us, led by our Cybersecurity Department with a committee representing key functional areas. We continuously focus on enhancing our cybersecurity capabilities, educating our team members on cybersecurity importance, and managing our cyber risks. In addition, we participate in annual audits of our financial and human resources systems to verify that measures are in place to protect our employees' personally identifiable information. We accept credit cards, third party gift cards, and branded gift cards as payment in our restaurants. We submit our systems to regular audit and review, as required by the Payment Card Industry Data Security Standard (“PCI DSS”), including periodic scanning of our networks to check for vulnerability. To further secure customers' payment data, we worked with our franchisees to deploy and implement encryption and tokenization technologies, ensuring credit card data is not stored in our franchisees' and our restaurants systems. This includes installation of equipment to improve authentication and to prevent fraud using EMV (Europay, Mastercard, Visa) technology. We and our franchisees are required to comply, and are responsible for maintaining compliance, with PCI DSS, and we regularly communicate and encourage our franchisees to maintain compliance and to manage risk. For further information regarding Information Technology, see Item 1A, Risk Factors.

Seasonality

We do not consider our operations to be seasonal to any material degree. We do experience a slight increase in system-wide sales in the first quarter due to redemptions of gift cards sold during the December holiday season. Over the past five years, 26% of our annual system-wide sales (retail sales reported to us by our franchisees plus sales at our company-operated restaurants) occurred in the first quarter of the fiscal year. Sales at restaurants owned by franchisees are not attributable to the Company.

Government Regulation

We are subject to regulation by the Federal Trade Commission (“FTC”) and a number of foreign and state laws that regulate the offer and sale of franchises. We also are subject to a number of foreign and state laws that regulate substantive aspects of the franchisor-franchisee relationship. The FTC's Trade Regulation Rule on Franchising, as amended (the “FTC Rule”), requires us to furnish to prospective domestic franchisees a Franchise Disclosure Document containing information prescribed by the FTC Rule.

State laws that regulate the offer and sale of franchises and the franchisor-franchisee relationship presently exist in a number of states and some of these laws require registration of the franchise offering with state authorities. Those states that regulate the franchise relationship generally require that the franchisor deal with its franchisees in good faith, prohibit interference with the right of free association among franchisees, limit the imposition of unreasonable standards of performance on a franchisee and regulate discrimination against franchisees with respect to charges, royalty fees or other fees. Although such laws may restrict a franchisor in the termination and/or non-renewal of a franchise agreement by, for example, requiring "good cause" to exist as a basis for the termination and/or non-renewal, advance notice to the franchisee of the termination or non-renewal, an opportunity to cure a default and a repurchase of inventory or other compensation upon termination, these provisions have not historically had a significant effect on our franchise operations.

Each restaurant is subject to licensing and regulation by a number of governmental authorities, which may include liquor license authorities (primarily in the case of Applebee's restaurants), health, sanitation, safety, fire, building and other agencies in the state or municipality in which the restaurant is located. We are also subject to new laws and regulations, which may vary from jurisdiction to jurisdiction, relating to nutritional content and menu labeling.

More stringent and varied requirements of local governmental bodies with respect to zoning, land use and environmental factors could delay or prevent the development of new restaurants in particular areas.

Various federal and state labor laws govern our relationship with employees and our franchisees' relationship with their own employees. These include such matters as minimum wage requirements, overtime and other working requirements and conditions. Significant additional government-imposed increases in minimum wages, paid leaves of absence, mandated health benefits or increased tax reporting and tax payment requirements with respect to employees who receive gratuities could be detrimental to the economic viability of company restaurants and our franchisees' restaurants.

We are subject to a number of privacy and data protection laws and regulations globally. The legislative and regulatory landscape for privacy and data protection continues to evolve, and there has been increased attention in privacy and data protection issues. This has the potential to affect directly our business, including recently enacted laws and regulations in the United States and internationally requiring notification to individuals and government authorities of security breaches involving certain categories of personal information.

The Patient Protection and Affordable Care Act and the Health Care and Education Affordability Reconciliation Act of 2010 (the “ACA”) are far-reaching and are intended to expand access to health insurance coverage over time by adjusting the eligibility thresholds for most state Medicaid programs and providing certain other individuals and small businesses with tax credits to subsidize a portion of the cost of health insurance coverage. The laws include a requirement that most individuals obtain health insurance coverage and a requirement that certain large employers offer coverage to their employees or pay a financial penalty. In October 2017, the President of the United States of America issued an executive order titled “Promoting Healthcare Choice and Competition Across the United States.” We do not know how our franchisees will be affected (if at all) by this executive order. The Patient Protection and Affordable Care Act has increased our franchisees' employee costs in some respects and may continue to do so.

In recent years, there has been an increased legislative, regulatory and consumer focus at the federal, state and municipal levels on the food industry including nutrition and advertising practices. Restaurants operating in the quick-service and fast-casual segments have been a particular focus. In addition to the United States Food and Drug Administration’s menu labeling requirements for restaurants requiring that chain restaurants include calorie information on their menus or make other nutritional information available, a number of other jurisdictions around the United States have adopted regulations related to disclosure of other information, such as sodium content, and imposing requirements for children's menus. Initiatives in the area of nutrition disclosure or advertising, such as requirements to provide information about the nutritional content of our food, may result in increased costs of compliance with the requirements and may also change customer buying habits in a way that adversely impacts our sales. For further information regarding governmental regulation, see Item 1A, Risk Factors.

Environmental Matters

We are subject to federal and state environmental regulations, but historically these have not had a material effect on our operations. We are not aware of any federal, state or local environmental laws or regulations that are likely to materially impact our revenues, cash flow or competitive position, or result in any material capital expenditure. However, we cannot predict the effect of possible future environmental legislation or regulations.

Employees

At December 31, 2018, we had approximately 3,300 employees, of which approximately 560 were full-time, non-restaurant corporate employees. Our employees are not presently represented by any collective bargaining agreements and we have never experienced a work stoppage. We believe our relations with employees are good. Our franchisees are independent business owners and their employees are not our employees. Therefore, their employees are not included in our employee count.

Corporate Information

We were incorporated under the laws of the State of Delaware in 1976 with the name IHOP Corp. In November 2007, we completed the acquisition of Applebee’s, which became a wholly-owned subsidiary of the Company. Effective June 2, 2008, we changed our name to DineEquity, Inc. and on February 20, 2018, we changed our name to Dine Brands Global, Inc. Our principal executive offices are located at 450 North Brand Boulevard, Glendale, California 91203-2306 and our telephone number is (818) 240-6055. Our Internet address is **www.dinebrands.com.** Our common stock is listed on the New York Stock Exchange (“NYSE”) and trades under the ticker symbol “DIN.”

Available Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and amendments to those reports filed with or furnished to the United States Securities and Exchange Commission (the “SEC”) pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge through our website as soon as reasonably practicable after electronically filing such material with the SEC. The SEC maintains an Internet site that contains periodic reports, proxy and information statements and other information regarding our filings at **www.sec.gov.** The above references to our website and the SEC’s website do not constitute incorporation by reference of the information contained on those websites and should not be considered part of this document.

Item 1A. Risk Factors.

This Item 1A includes forward-looking statements. You should refer to our discussion of the qualifications and limitations on forward-looking statements included in Item 7.

The occurrence of any of the events discussed in the following risk factors may materially adversely affect our business, financial condition and results of operations, which may materially adversely affect the value of our common stock. It is not possible to identify or predict all risk factors. There may be risks and uncertainties that are not currently known or that are currently deemed by us to be immaterial. These other risks and uncertainties may also impact our business, financial condition and results of operations.

Our business is affected by general economic conditions that are largely out of our control. Our business is dependent to a significant extent on national, regional and local economic conditions, and, to a lesser extent, on global economic conditions, particularly those conditions affecting the demographics of the guests that frequently patronize Applebee's or IHOP restaurants. If our customers' disposable income available for discretionary spending is reduced (because of circumstances such as job losses, credit constraints, higher housing costs, changes to tax regulations, energy costs, interest rates or other costs) or if the perceived wealth of customers decreases (because of circumstances such as lower residential real estate values, increased foreclosure rates, changes to tax regulations or other economic disruptions), our business could experience a decline in sales and/or customer traffic as potential customers choose lower-cost alternatives (such as quick-service restaurants) or other alternatives to dining out. Additionally, negative trends in the availability of credit and in expenses such as interest rates and the cost of construction materials could affect our and our franchisees' ability to maintain and remodel existing restaurants. Any decreases in customer traffic or average customer check due to these or other reasons could reduce gross sales at our and our franchised restaurants, resulting in lower revenues, royalty payments and other payments from franchisees. This could negatively impact the financial performance of our company-operated restaurants and reduce the profitability of franchised restaurants, potentially impacting the ability of franchisees to make royalty payments owed to us when due and negatively impacting franchisees’ ability to develop new restaurants as may be required in their respective development agreements.

Our level of indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations under our debt. As of December 31, 2018, certain of our indirect, wholly-owned subsidiaries had approximately $1.3 billion of long-term debt. In addition, we had approximately $0.1 billion in financing and capital lease obligations as of December 31, 2018. Our level of indebtedness and the financial and other restrictive covenants in our indebtedness could have important consequences to our financial health. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to our debt or refinance any of our debt on attractive terms, commercially reasonable terms, or at all;
- increase our vulnerability to general adverse economic and industry conditions or a downturn in our business;
- require us to dedicate a substantial portion of our cash flow from operations to debt service, thereby reducing the availability of our cash flow to pay dividends to our stockholders, repurchase shares of our common stock, fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that are not as highly leveraged;
- limit our ability to borrow additional funds;
- prevent us from taking actions that we believe would be in the best interest of our business and make it difficult for us to successfully execute our business strategy;
- subject us to risks associated with rising interest rates and uncertainty related to the proposed phase-out of the London Interbank Offered Rate (LIBOR); and
- result in an event of default if we fail to satisfy our obligations under our debt or fail to comply with the financial and other restrictive covenants contained in our debt documents, which event of default could result in all of our debt becoming immediately due and payable and could permit certain of our lenders to foreclose on our assets securing such debt.

In addition, we may incur substantial additional indebtedness in the future. If new debt is added to our current debt levels, the related risks that we now face could increase.

The terms of the securitized debt issued by certain of our indirect, wholly-owned subsidiaries have restrictive terms and the failure to comply with such restrictive terms could put us in default, which would have an adverse effect on our business and prospects. Unless and until we repay all outstanding borrowings under our securitized debt, we will remain subject to the restrictive terms of the securitized debt issued by certain of our indirect, wholly-owned subsidiaries. For example, the indenture entered into by such subsidiaries in connection with the securitized debt contains covenants that limit the ability of certain of our wholly-owned subsidiaries to, among other things: sell assets; alter the business conducted by such subsidiaries; engage in mergers or acquisitions; declare dividends or redeem or purchase certain equity interests; incur, assume or permit to exist additional indebtedness or guarantees; make loans and investments; incur liens; and enter into transactions with affiliates other than on an arms-length basis. These covenants are applicable only to the securitization subsidiaries and do not apply to any of Dine Brands Global, Inc., International House of Pancakes, LLC, Applebee's International, Inc. or Dine Brands International, Inc. as these entities are not a party to the indenture. A breach of a covenant could result in a rapid amortization event or default under the securitized debt.

Further, the securitized debt also includes limitations on our ability to incur additional indebtedness and contains a number of financial performance measures that must be met to avoid a possible rapid amortization event or event of default. The most significant of these measures include a minimum debt service coverage ratio and minimum domestic franchise system sales. The ability to meet these financial performance measures can be affected by events beyond our control and there can be no assurance that we will satisfy these financial measures.

If amounts owed under the securitized debt are accelerated because of a default and we are unable to pay such amounts, the investors may have the right to assume control of substantially all of the securitized assets, which consist of substantially all of our domestic revenue-generating assets and domestic intellectual property.

During the seven-year term following issuance, the outstanding fixed-rate senior notes will accrue interest at a rate of 4.277% per year. Additionally, the fixed-rate senior notes have scheduled quarterly principal amortization payments of $3.25 million. If we maintain a leverage ratio of less than or equal to 5.25x total debt to adjusted EBITDA, we may elect to not make the scheduled principal payments. From time to time, our leverage ratio has exceeded the 5.25x total debt to adjusted EBITDA ratio and we have made the required scheduled principal payments. If we are unable to refinance or repay amounts under the securitized debt prior to the expiration of the seven-year term, our cash flow would be directed to the repayment of the securitized debt and, other than a weekly management fee sufficient to cover minimal selling, general and administrative expenses, would not be available for operating our business.

In the event that a rapid amortization event occurs under the indenture (including, without limitation, upon an event of default under the indenture or the failure to repay the securitized debt at the end of the seven-year term), the funds available to us would be reduced or eliminated, which would in turn reduce our ability to operate or grow our business.

Our ability to refinance all or a portion of our indebtedness or obtain additional financing depends on many factors beyond our control. No assurance can be given that any refinancing or additional financing will be possible when needed or that we will be able to negotiate favorable terms. In addition, our access to capital is affected by prevailing conditions in the financial and capital markets and other factors beyond our control. There can be no assurance that market conditions will be favorable at the times that we require new or additional financing. Further, changes by any rating agency to our credit rating may negatively impact the value and liquidity of both our debt and equity securities, as well as the potential costs associated with refinancing our debt. Downgrades in our credit ratings could also affect the terms of any such financing and restrict our ability to obtain additional financing in the future.

We are heavily dependent on information technology and any material failure of that technology could impair our ability to effectively and efficiently operate our business. We rely heavily on information technology systems across our operations, including point-of-sale processing in our and our franchisees' restaurants, online ordering and delivery, management of our supply chain, collection of cash and other receivables, payment of obligations and various other processes and procedures. Our ability to effectively and efficiently manage our business depends significantly on the reliability and capacity of these systems. The failure of these systems to operate effectively, problems with maintenance, upgrades or the transition to replacement systems, inaccurate or fraudulent manipulation of sales reporting from our restaurants resulting in loss of sales and royalty payments, or a breach in security of these systems could be harmful and cause delays in customer service, reduce efficiency in our operations and negatively impact our business. Significant capital investment might be required to remediate any problems.

In addition, we outsource certain essential technology-based business processes to third-party vendors and we may share sensitive financial and other information with third party vendors which subjects us to risks, including disruptions in business, increased costs and exposure to data breaches or privacy law compliance issues of our third-party vendors.

The occurrence of cyber incidents, or a deficiency in our cybersecurity, could negatively impact our business by causing a disruption to our operations, a compromise or corruption of our confidential information, and/or damage to our employee and business relationships, all of which could subject us to loss and harm our brands. A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity, or availability of our information resources. More specifically, a cyber incident is an intentional attack or an unintentional event that can include gaining unauthorized access to systems to disrupt operations, corrupt data, or steal confidential information about our customers, franchisees, vendors and employees. As our reliance on technology has increased, so have the risks posed to our systems, both internal and those that we have outsourced. Primary adverse events that could directly result from the occurrence of a cyber incident include (i) exposure of confidential data about our customers, franchisees, vendors and employees, (ii) damage to the reputation of our brands (iii) damage to our relationship with our franchisees; (iv) interruption of our business; and (v) an event of default under our securitized debt agreements if a cybersecurity breach impacts our ability to comply with the terms of securitized debt agreements. We, our franchisees, third-party vendors and others with whom we may do business or interact with may have inadequate cyber liability insurance or coverage terms may be restrictive or insufficient to cover potential losses and remediation costs associated with a cyber attack.

As a merchant and service provider of point of sale related services, we and our franchisees are subject to PCI DSS, issued by the Payment Card Industry Council. PCI DSS contains compliance guidelines and standards with regard to our security surrounding the physical and electronic storage, processing and transmission of individual cardholder data. Despite our cybersecurity measures and our efforts to comply with PCI DSS guidelines, we cannot be certain that all of our information technology systems are able to prevent, contain or detect any cyber-attacks or security breaches from known malware or malware that may be developed in the future.

Our use of personally identifiable information is regulated by international, federal and state laws, as well as by certain third-party agreements. If our security and information systems are compromised or if our employees or franchisees fail to comply with these laws and regulations, and this information is obtained by unauthorized persons or used inappropriately, it could adversely affect our reputation and could disrupt our operations and result in costly litigation, judgments, or penalties resulting from violation of federal and state laws and payment card industry regulations. As privacy and information security laws and regulations change, we may incur additional costs to ensure that we remain in compliance with those laws and regulations.

Restaurant development plans under development agreements may not be implemented effectively and developed restaurants may not achieve desired results. We rely on franchisees to develop Applebee's and IHOP restaurants. From time to time, our franchisees have failed to fulfill their commitments to build new restaurants in the numbers and within the timeframes required by their development agreements, and we expect that this will continue to varying degrees in the future. Restaurant development and the success of restaurants opened by our franchisees involve substantial risks, including the following:

- the demand for Applebee’s and IHOP restaurants and the selection of appropriate franchisee candidates;
- costs of construction, permit issuance and regulatory compliance;
- the availability of suitable locations and terms for potential development sites, including lease or purchase terms for new locations;
- the availability of financing, at acceptable rates and terms, to both franchisees and third-party landlords, for restaurant development and/or implementation of our business strategy through new remodel programs and other operational changes;
- delays in obtaining construction permits and in completion of construction;
- competition for suitable development sites;
- changes in governmental rules, regulations, and interpretations (including interpretations of the requirements of the Americans with Disabilities Act); and
- general economic and business conditions.

Additionally, developed restaurants may not achieve desired revenue or cash flow levels once opened. This could result in restaurant closures, which may be significant in number, and may cause our royalty revenues and financial performance to decline. The inability to open new restaurants that achieve and sustain acceptable sales volumes and/or the closure of existing restaurants that do not achieve or sustain acceptable sales volumes, which if significant in number, may have a material adverse effect on our business and financial condition.

We are significantly franchised; as a result, we are highly dependent upon our franchisees. All IHOP and almost all Applebee's restaurants are owned and operated by our franchisees. Our dependence on our franchisees could adversely affect us, our brands, and our business, financial condition and results of operations. Our financial results are significantly contingent upon the performance of our franchised restaurants because we derive a substantial portion of our revenues from royalties that are based on a percentage of gross sales at franchised restaurants. Worsening economic conditions and declining trends in sales, traffic and/or average check could impact the performance of our franchised restaurants, resulting in lower royalty, advertising fund and other payments from franchisees. If declining conditions persist, franchisee profitability and financial health may worsen and franchisees may suffer from financial, personal or other difficulties, including insolvency. Franchisees may also experience financial risks unrelated to the operation of restaurants under our brands, such as a decline in performance of other brands or businesses held by franchisees. Additionally, lenders to our franchisees may be less likely to provide current or prospective franchisees necessary financing on favorable terms, or at all, due to market conditions and our or our franchisees' operating results. These and other factors could impact franchisees' ability to make royalty and other payments owed to us when due and franchisees could default on their financial obligations to us. A decrease in franchisee profitability as well as other reasons could also cause franchisees' failure or inability to meet new restaurant development obligations and other obligations such as maintenance or remodel requirements and rent obligations for certain leases on which we retain contingent liability.

Additionally, our franchise agreements have expiration dates. Upon expiration, franchisees are generally required to enter into new franchise agreements in order to extend the franchise relationship. We or the franchisee may or may not elect to enter into these successor franchise agreements based on a number of factors, including a failure to meet our criteria, lack of interest by either party and/or the inability of franchisees to enter into successor franchise agreements. It is expected that, in the ordinary course of business, some franchise agreements will expire without successor franchise agreements. However, a substantial number of franchise agreements are set to expire in 2020 and 2021 for Applebee's and 2024 through 2028 for IHOP, and while we have begun efforts to extend the terms of these franchise agreements, we cannot ensure that we and/or our franchisees will enter into successor franchise agreements or extensions once current terms expire. This may result in reduced royalties and other payments due to a decrease in the number of restaurants operating under our brands.

As independent third parties, franchisees own, operate and oversee the daily operations of their restaurants and their employees are not our employees. Accordingly, we do not control their actions. While our franchise agreements are designed to maintain brand consistency, having almost all franchise operated restaurants may expose us to risks not otherwise encountered if we maintained ownership and control of all of the restaurants. Franchisees may breach the terms of their franchise agreements in a manner that adversely affects our brands, such as failing to operate restaurants in accordance with our required standards, and we may be limited in our ability to enforce franchise obligations. Franchisees are required to conform to specified product quality standards and other requirements pursuant to their franchise agreements in order to protect our brands and to optimize restaurant performance. If franchisees do not successfully operate their restaurants in a manner consistent with our standards, or customers have negative experiences due to issues with food quality or operational execution, our reputation and brands could suffer, and we could be subject to claims by guests even if we are not legally liable for the franchisee's actions or failure to act. This could result in a material adverse effect on our business. The quality of franchisees' operations may also be diminished by factors beyond our control, including a lack of investment in enhancing or maintaining acceptable standards for restaurant operations due to financial and other constraints. Franchisees also may fail or be unable to hire or retain qualified managers and other personnel and training of managers and other personnel may be inadequate. These and other such negative factors could reduce franchisees' restaurant revenues, impact payments to us under the franchise agreements and could have a material adverse effect on us.

Various other risks associated with the operation of a franchised business model that may have a material adverse effect on our business or financial condition include:

- inability or unwillingness of franchisees to participate in implementing changes or to participate in business strategy changes;
- inability or unwillingness of franchisees to support our marketing programs and strategic initiatives;
- inability of franchisees to participate in business strategy changes due to financial constraints;
- failure of franchisees to report sales information accurately;
- greater proportional impact of general and administrative expenses on our business and financial condition; and
- inability to retain franchisees in the future, both in terms of number and quality, and inability to attract, retain and motivate sufficient numbers of franchisees of the same caliber, including top performing franchisees.

While we try to maintain positive working relationships with our franchisees, the nature of the franchisor-franchisee relationship inherently subjects us to potential disagreements with our franchisees on matters pertaining to the business and/or our brands. From time to time, we have experienced, and we may continue to experience, poor franchise relations caused by the efforts of one or more of our larger franchisees or an organized franchise association.

Concentration of Applebee's franchised restaurants in a limited number of franchisees subjects us to greater risk. As of December 31, 2018, Applebee's franchisees operated 1,624 Applebee's restaurants in the United States. Of those restaurants, the ten largest Applebee's franchisees owned 1,175 restaurants, representing 72% of all franchised Applebee's restaurants in the United States. The largest Applebee's franchisee owned 459 restaurants, representing 28% of all franchised Applebee's restaurants in the United States. The concentration of franchised restaurants in a limited number of franchisees subjects us to a potentially higher level of risk with respect to such franchisees because their obligations to us, including financial obligations, are greater as compared to those franchisees with fewer restaurants. The risk associated with these franchisees is also greater where franchisees are the sole or dominant franchisee for a particular region of the United States, as is the case for most domestic Applebee's franchised territories. In particular, if any of these franchisees experience financial or other difficulties, the franchisee may default on its obligations under multiple franchise agreements including payments to us and the maintenance and improvement of its restaurants. From time to time, we may work with our franchisees who are experiencing financial difficulties to assess and address their financial health and their ability to satisfy their financial obligations to us. In certain of these situations, we may agree to alternative arrangements with franchisees for the payment of amounts due to us under our franchise and other agreements. We cannot assure you that these arrangements will be successful nor can we assure you that they will result in us receiving all or any of the amounts due to us under our franchise and other agreements. Any franchisee that owns and operates a significant number of Applebee's restaurants and fails to comply with other obligations under the franchise agreement, such as those relating to the quality and preparation of food and maintenance of restaurants, could cause significant harm to the Applebee's brand and subject us to claims by consumers even if we are not legally liable for the franchisee's actions or failure to act. Development rights for Applebee's restaurants are also concentrated among a limited number of existing franchisees. If any of these existing franchisees experience financial difficulties, future development of Applebee's restaurants may be materially adversely affected.

An insolvency or bankruptcy proceeding involving a franchisee could prevent or delay the collection of payments or the exercise of rights under the related franchise agreement. An insolvency proceeding involving a franchisee could prevent or delay us from collecting payments or exercising any of our other rights under the related franchise agreement. If a franchisee is subject to bankruptcy or insolvency proceedings, a bankruptcy court may prevent the termination of the related franchise and development agreement. In particular, the protection of the statutory automatic stay that arises under Section 362 of the United States Bankruptcy Code upon the commencement of a bankruptcy proceeding by or against a franchisee may prohibit us from terminating a franchise agreement previously entered into with a franchisee. Furthermore, a franchisee that is subject to bankruptcy proceedings may reject the franchise agreement in which case we would be limited to a general unsecured claim against the franchisee's bankruptcy estate on account of breach-of-contract damages arising from the rejection. Payments previously made to us by a franchisee that is subject to a bankruptcy proceeding also may be recoverable from us on behalf of the franchisee as a preferential transfer under the United States Bankruptcy Code.

We are subject to credit risk from our IHOP franchisees operating under our Previous IHOP Business Model, and a default by these franchisees may negatively affect our cash flows. Prior to 2003, new IHOP restaurants were generally developed by us, and we were involved in all aspects of the construction and financing of the restaurants. We typically identified and leased or purchased the restaurant sites for new company-developed IHOP restaurants, built and equipped the restaurants and then franchised them to franchisees. In addition, we typically financed as much as 80% of the franchise fee for periods ranging from five to eight years and leased the restaurant and equipment to the franchisee over a 25-year period. Therefore, in addition to franchise fees and royalties, the revenues received from an IHOP franchisee operating under the Previous IHOP Business Model may include, among other things, lease or sublease rents for the restaurant property building, rent under an equipment lease and interest income from the financing arrangements for the unpaid portion of the franchise fee under the franchise notes. If any of these IHOP franchisees were to default on their payment obligations to us, we may be unable to collect the amounts owed under the building property lease/sublease agreement and our notes and equipment contract receivables, as well as outstanding franchise royalties. The additional amounts owed to us by each of these IHOP franchisees subject us to greater credit risk and defaults by IHOP franchisees operating under our Previous IHOP Business Model and may negatively affect our cash flows. Of the 1,555 IHOP domestic franchise restaurants as of December 31, 2018, approximately 680 restaurants have building property lease/sublease agreements and/or notes and equipment contract obligations outstanding.

We and our franchisees are subject to potential losses that may not be covered by insurance. We and our franchisees may have insufficient insurance coverage to cover all of the potential risks associated with the ownership and operation of restaurants. We and our franchisees may have insufficient funds to cover future unanticipated increases in insurance premiums or losses that are not covered by insurance. Certain extraordinary hazards may not be insurable and insurance may not be available (or may be available only at prohibitively expensive rates) with respect to many other risks. Moreover, there is no assurance that any loss incurred will not exceed the limits on the policies obtained, or that claim payments on such policies will be received on a timely basis. Further, there can be no assurance that any such payments, even if obtained on a timely basis, will prevent losses to franchisees or enable timely franchise payments. Accordingly, in cases in which a franchisee experiences increased insurance premiums or must pay claims out-of-pocket, the franchisee may not have the funds necessary to make franchise and other payments to us, and franchisees may be unable to perform other obligations under their franchise agreements.

If franchisees and other licensees do not observe the required quality and trademark usage standards, our brands may suffer reputational damage, which could in turn adversely affect our business. We license our intellectual property to our franchisees, product suppliers, manufacturers, distributors, advertisers and other third parties. The franchise agreements and other license agreements require that each franchisee or other licensee use our intellectual property in accordance with established or approved quality control guidelines. However, there can be no assurance that the franchisees or other licensees will use the intellectual property assets in accordance with such guidelines. Franchisee and licensee noncompliance with the terms and conditions of the governing franchise agreement or other license agreement may reduce the overall goodwill associated with our brands. Franchisees and other licensees may refer to our intellectual property improperly in communications, resulting in the weakening of the distinctiveness of our intellectual property. There can be no assurance that the franchisees or other licensees will not take actions that could have a material adverse effect on the Applebee's or IHOP intellectual property.

In addition, even if the licensee product suppliers, manufacturers, distributors, or advertisers observe and maintain the quality and integrity of our intellectual property assets in accordance with the relevant license agreement, any product manufactured by such suppliers may be subject to regulatory sanctions and other actions by third parties which can, in turn, negatively impact the perceived quality of our restaurants and the overall goodwill of our brands, regardless of the nature and type of product involved. Any such sanctions or actions could reduce restaurant revenues and corresponding franchise payments to us.

Our performance is subject to risks associated with the restaurant industry, including the highly competitive nature of the industry. We derive a substantial portion of our revenues in the form of (i) royalties based on the gross sales of our franchised restaurants and (ii) gross sales derived from company-operated restaurants. Sales and profitability of these restaurants may be negatively impacted by a number of factors associated with operating in the restaurant industry, some of which are outside of our control. These factors include:

- changes in consumer behavior driven by macro-level shifts in retail, technology, media, e-commerce, global safety and demography which may impact where, when, whether and how often customers visit full-service restaurants;
- declines in comparable restaurant sales growth rates due to: (i) failure to meet or adequately adapt to changing customer expectations for food type, quality and taste, or to innovate and develop new menu items to retain existing customers and attract new customers; (ii) competitive intrusions in our markets, including competitive pricing initiatives and daypart expansion by competitors; (iii) opening new restaurants that cannibalize the sales of existing restaurants; (iv) failure of national or local marketing to be effective; and (v) natural or man-made disasters or adverse weather conditions;
- negative trends in operating expenses such as: (i) increases in food and other commodity costs; (ii) increases in labor costs due to minimum wage and other employment laws or regulations, immigration reform, the potential impact of union organizing efforts and tight labor market conditions; and (iii) increases in other operating costs including advertising, utilities, lease-related expenses and credit card processing fees;
- the highly competitive nature of the restaurant and related industries with respect to, among other things: (i) price, service, location, personnel and the type and quality of food; (ii) the trend toward convergence in grocery, deli, retail and restaurant services, as well as the continued expansion of restaurants into the breakfast daypart; (iii) the entry of major market players in non-competing industries into the food services market; (iv) the decline in the price of groceries which may increase the attractiveness of dining at home versus dining out; and (v) the emergence of new or improved technologies and changes in consumer behavior facilitated by such technology;
- the inability to increase menu pricing to offset increased operating expenses; and
- failure to effectively manage further penetration into mature markets.

Factors outside our control may harm our brands' reputations. The success of our business is largely dependent upon brand recognition and the strength of our franchise systems. Our and our franchisees' continued success is directly dependent upon maintaining a favorable public view of the Applebee's and IHOP brands. Negative publicity (e.g., crime, scandal, litigation, on-site accidents and injuries or other harm to customers, social issues, and food-borne illness) at a single Applebee's or IHOP location can have a substantial negative impact on all restaurants within the Applebee's or IHOP system. Multi-unit food service businesses such as ours can be materially and adversely affected by widespread negative publicity of any type, including through social media, but particularly regarding food quality, food-borne illness, food tampering or preparation, obesity, discrimination or bias, injury or other health concerns with respect to certain foods and actions of our or our franchisees' managers or employees, regardless of whether such claims are accurate or valid.

The risk of food-borne illness or food tampering cannot be completely eliminated. Any outbreak of food-borne illness or other food-related incidents attributed to Applebee's or IHOP restaurants or within the food service industry or any widespread negative publicity regarding the Applebee's or IHOP brands or the restaurant industry in general could harm our reputation. Even where such food-related incidents occur solely at restaurants of our competitors or within the industry, our business could be adversely affected by negative publicity about the restaurant industry generally. Our company-owned restaurants and our franchisees may produce or receive through the supply chain sub-standard or non-compliant food or beverage products. In addition, our franchisees' failure to comply with food quality and preparation requirements may subject us to potential losses, even when we are not legally liable for a franchisee's actions or failure to act. Although the Company maintains liability insurance, and each franchisee is required to maintain liability insurance pursuant to its franchise agreements, a liability claim could injure the reputation of all Applebee's or IHOP restaurants, whether or not it is ultimately successful

Declines in our financial performance have resulted in and could result in future impairment charges. United States generally accepted accounting principles ("U.S. GAAP") require annual (or more frequently if events or changes in circumstances warrant) impairment tests of goodwill, intangible assets and other long-lived assets. Generally speaking, if the carrying value of the asset is in excess of the estimated fair value of the asset, the carrying value will be adjusted to fair value through an impairment charge. Fair values of goodwill and intangible assets are primarily estimated using discounted cash flows based on five-year forecasts of financial results that incorporate assumptions including, among other things, same-restaurant sales trends, future development plans, brand-enhancing initiatives, restaurant closures and an appropriate discount rate. Fair values of long-lived tangible assets are primarily estimated using discounted cash flows over the estimated useful lives of the assets. Significant underachievement of forecasted results or changes in the discount rate assumption could reduce the estimated fair value of these assets below the carrying value, requiring non-cash impairment charges to reduce the carrying value of the asset. As of December 31, 2018, our total stockholders' deficit was $202.3 million. Any significant impairment write-down of goodwill, intangible assets or long-lived assets in the future could increase the stockholders' deficit. Repurchases of our common stock will also increase the stockholders' deficit. While such a deficit balance does not create an event of default in any of our contractual agreements, the negative perception of such a deficit could have an adverse effect on our stock price and could impair our ability to obtain new financing, or refinance existing indebtedness on commercially reasonable terms or at all.

Many factors, including those over which we have no control, affect the trading volatility and price of our stock. Many factors, in addition to our operating results, may have an impact on the trading volatility and price of our common stock. These factors include general economic and market conditions, publicity regarding us, our competitors, or the restaurant industry generally, changes in financial estimates by securities analysts, changes in financial or tax reporting and accounting principles or practices, trading activity in our common stock, overall liquidity and the impact of our capital allocation initiatives, including any future stock repurchase programs or dividend declarations. A number of these factors are outside of our control, and any failure to meet market expectations whether for sales growth, earnings per share or other metrics could cause our share price to decline.

Our actual operating and financial results in any given period may differ from guidance we provide to the public, including our most recent public guidance. From time to time, in press releases, SEC filings, public conference calls and other contexts, we have provided guidance to the public regarding current business conditions and our expectations for our future financial results. We expect that we will provide guidance periodically in the future. Our guidance is based upon a number of assumptions, expectations and estimates that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In providing our guidance, we also make various assumptions with respect to our future business decisions, some of which will change. Our actual financial results, therefore, may vary from our guidance due to our inability to meet the assumptions upon which our guidance is based and the impact on our business of the various risks and uncertainties described in these risk factors and in our public filings with the SEC. Variances between our actual results and our guidance may be material. To the extent that our actual financial results do not meet or exceed our guidance, the trading prices of our securities may be materially adversely affected.

Our business strategy may not achieve anticipated results. We expect to continue to apply a business strategy that includes operation of a significantly franchised restaurant system across multiple brands and brand-specific business strategies suited to each brand. There can be no assurance that the business strategy we apply to one franchise system will be suitable or will achieve results similar to the application of such business strategy to another franchise system. In addition, operational improvement, purchasing and other strategic initiatives for any of our brands may not be successful or achieve the desired results, and there can be no assurance that franchisees will respond favorably to such initiatives. Additionally, our strategic initiatives may subject us and our franchisees to new and additional risks.

Our business strategy includes the addition of new brands to our restaurant portfolio through mergers and acquisitions. There can be no assurance that any such transaction will be successful or produce favorable financial or other results.

A lack of availability of suitable locations for new restaurants or a decline in the quality of the locations of our current restaurants may adversely affect our sales and results of operations. The success of our brands depends in large part on restaurant locations. As demographic and economic patterns change, current locations may not continue to be attractive or profitable. Potential declines in neighborhoods where restaurants are located or adverse economic conditions in areas surrounding those neighborhoods could result in reduced sales in those locations. In addition, desirable locations for new restaurant openings or for the relocation of existing restaurants may not be available at an acceptable cost when we identify a particular opportunity for a new restaurant or relocation. Additionally, restaurant revitalization initiatives may not be completed as and when projected and may not produce the results we expect. We also may be unable to operate effectively in new and/or highly competitive geographic regions or local markets in which our franchisees have limited operating experience.

We may experience shortages or interruptions in the supply or delivery of food and other products from third parties or in the availability of utilities. Our and our franchised restaurants are dependent on frequent deliveries of fresh produce, food, beverages and other products. Shortages or interruptions in food and beverage supplies may result from a variety of causes, including shortages due to adverse weather, labor unrest, political unrest, terrorism, outbreaks of food-borne illness, disruption of operation of production facilities, financial difficulties (including bankruptcy) of our suppliers or other unforeseen circumstances. Such shortages could adversely affect our and our franchisees’ ability to operate our restaurants and, in turn, affect our and our franchisees’ revenue and profits. Additionally, the inability to secure adequate and reliable supplies or distribution of food and beverage products could limit our ability to make changes to our core menus or offer promotional "limited time only" menu items, which may limit our ability to implement our business strategies. Our and our franchisees’ restaurants bear risks associated with the timeliness of deliveries by suppliers and distributors as well as the solvency, reputation, labor relationships, freight rates, prices of raw materials and health and safety standards of each supplier and distributor. Other significant risks associated with our suppliers and distributors include improper handling of food and beverage products and/or the adulteration or contamination of such food and beverage products. Disruptions in our relationships with suppliers and distributors may reduce the payments we receive from our franchisees or our pancake and waffle dry mix distributors or the profits generated by our company-operated restaurants. In addition, interruptions to the availability of gas, electric, water or other utilities may adversely affect the operations of our and our franchised restaurants.

Any inability to effectively manage or forecast appropriate inventory levels may adversely affect our business. Effective management of inventory levels depends, in part, on our ability to anticipate and respond in a timely manner to changing consumer demand and preferences. From time to time, we may carry excessive inventory resulting from menu events that vary from forecasted demand which may result in financial loss to us and/or to our franchisees. Conversely, if we underestimate demand, we may experience inventory shortages which may result in lost revenues.

A failure to develop and implement innovative marketing and guest relationship initiatives, ineffective or improper use of social media or other marketing initiatives and increased advertising and marketing costs could adversely affect our business results. If our competitors increase their spending on advertising and promotions, if our advertising, media or marketing expenses increase, or if our advertising and promotions become less effective than those of our competitors, we could experience a material adverse effect on our business results. A failure to sufficiently innovate, develop guest relationship initiatives, or maintain adequate and effective advertising could inhibit our ability to maintain brand relevance and drive increased sales.

As part of our marketing efforts, we rely on search engine marketing and social media platforms to attract and retain guests. These efforts may not be successful, resulting in expenses incurred without the benefit of higher revenues or increased employee engagement. In addition, a variety of risks are associated with the use of social media, including the improper disclosure of proprietary information, posting of negative comments about our brands or experiences in our or our franchisees' restaurants, exposure of personally identifiable information, fraud, and use of outdated information. The use, including any inappropriate or otherwise harmful use, of social media vehicles by our franchisees and their employees, guests, our employees or others in the general public could increase our costs, lead to litigation or result in negative publicity that could damage our reputation.

Changing health or dietary preferences may cause consumers to avoid Applebee's and IHOP restaurants in favor of alternative options. The food service industry as a whole rests on consumer preferences and demographic trends at the local, regional, national and international levels. Franchise development and system-wide sales depend on the sustained demand for our products, which may be affected by factors we do not control. New information regarding diet, nutrition and health and efforts by advocacy groups to influence consumer eating habits may negatively affect the demand for our food. Various additional factors such as: (i) the Food and Drug Administration's menu labeling rules, (ii) nutritional guidelines issued by the United States Department of Agriculture and issuance of similar guidelines or statistical information by state or local municipalities, (iii) academic studies; or (iv) efforts by environmental, animal welfare and sustainability advocacy groups, may impact consumer choice and cause consumers to select foods other than those that are offered by Applebee's or IHOP restaurants. We may not be able to adequately adapt Applebee's or IHOP restaurants' menu offerings to keep pace with developments in consumer preferences, which may result in reduced royalty revenues from a decline in demand for our food and fewer guests visiting Applebee's and IHOP restaurants.

We face a variety of risks associated with doing business in international markets. Our expansion into and continued operations in international markets could create risks to our brands and reputation. There is no assurance that our international operations will be profitable or that international growth will continue. Our international operations are subject to the same risks associated with our domestic operations, as well as a number of additional risks. These include, among other things, international economic and political conditions, issues with collections, international currency fluctuations, terrorism, global travel risks and differing cultures and consumer preferences.

We also are subject to governmental regulations throughout the world that impact the way we do business with our international franchisees and vendors. These include antitrust and tax requirements, import/export/customs regulations, anti-boycott regulations, other international trade regulations, the USA Patriot Act and the Foreign Corrupt Practices Act. 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.

We may be subject to litigation and other legal proceedings that could be time consuming, require significant amounts of management time and result in the diversion of significant operational resources. We are involved in lawsuits, claims and proceedings incident to the ordinary course of our business. Litigation is inherently unpredictable. Any claims against us, whether meritorious or not, could be time consuming, result in costly litigation, require significant amounts of management time and result in the diversion of significant operational resources. There have been a growing number of lawsuits in recent years. There also has been a rise in employment-related lawsuits. From time to time, we have been subject to these types of lawsuits. The cost of defending claims against us or the ultimate resolution of such claims may harm our business and operating results. In addition, the increasingly regulated business environment may result in a greater number of enforcement actions and private litigation. This could subject us to increased exposure to stockholder lawsuits.

We and our franchisees are subject to complaints or litigation from guests alleging illness, injury or other food quality, food safety, health or operational concerns as well as claims related to social issues (.e.g., allegations of discrimination), the Americans with Disabilities Act and other premises liability. We and our franchisees are also subject to "dram shop" laws in some states pursuant to which we and our franchisees may be subject to liability in connection with personal injuries or property damages incurred in connection with wrongfully serving alcoholic beverages to an intoxicated person.

Although our franchise agreements require our franchisees to defend and indemnify us, we may be named as a defendant and sustain liability in legal proceedings against franchisees under the doctrines of vicarious liability, agency, negligence or otherwise. Claims against our franchisees may reduce the ability of our franchisees to make payments to us. We may also initiate legal proceedings against franchisees for breach of the terms of their franchise agreements, including underreporting of sales, failure to operate restaurants according to standard operating procedures and payment defaults. These claims also may reduce the ability of franchisees to enter into new franchise agreements with us.

Third-party claims with respect to intellectual property assets, if decided against us, may result in competing uses or require adoption of new, non-infringing intellectual property, which may in turn adversely affect sales and revenues. We regard our service marks and trademarks related to our restaurant businesses as having significant value and being important to our marketing efforts. To protect our brands from infringement, we rely on contracts, copyrights, patents, trademarks, service marks and other common law rights, such as trade secret and unfair competition laws. We have registered certain trademarks and service marks in the United States and international jurisdictions; however, effective intellectual property protection may not be available in every country in which we have or intend to open or franchise a restaurant. Although we believe we have taken appropriate measures to protect our intellectual property, there can be no assurance that these protections will be adequate.

In addition, there can be no assurance that third parties will not assert infringement or misappropriation claims against us, or assert claims that our rights in our trademarks, service marks and other intellectual property assets are invalid or unenforceable. Any such claims could have a material adverse effect on us or our franchisees if such claims were to be decided against us. If our rights in any intellectual property were invalidated or deemed unenforceable, it could permit competing uses of intellectual property which, in turn, could lead to a decline in restaurant revenues and sales of other branded products and services (if any). If the intellectual property became subject to third-party infringement, misappropriation or other claims, and such claims were decided against us, we may be forced to pay damages, be required to develop or adopt non-infringing intellectual property or be obligated to acquire a license to the intellectual property that is the subject of the asserted claim. There could be significant expenses associated with the defense of any infringement, misappropriation, or other third-party claims.

Our delivery initiatives and use of third-party delivery vendors subjects us and our franchisees to a variety of risks related to the delivery of our products by third parties and may not generate expected returns. There can be no assurance that these vendors will not take actions that could have a material adverse effect on our brands and or subject us to increased litigation and costs. Our delivery initiatives also introduce new operating procedures to our and our franchisees' restaurants, which could adversely affect the business, brands, and the experience of our guests.

Our business depends on the proper allocation of our human capital and our ability to attract and retain talented management and other key employees. We have dedicated brand resources for key functions such as marketing, consumer insights and operations and a shared service model for certain other functions such as legal, technology and human resources. There can be no assurance that our allocation of our human capital will effectively meet the needs of our business and brands. Further, our business is based on successfully attracting and retaining talented employees. The market for highly skilled employees and leaders in our industry is extremely competitive. If we are less successful in our recruiting efforts, or if we are unable to retain management and other key employees, our ability to develop and deliver successful products and services may be adversely affected. Effective succession planning is also important to our long-term success. The departure of a key executive or employee and/or the failure to ensure an effective transfer of knowledge and a smooth transition upon such departure may be disruptive to the business and could hinder our strategic planning and execution.

Our failure or the failure of our franchisees to comply with federal, state and local governmental regulations may subject us to losses and harm our brands. We are subject to the Fair Labor Standards Act (which governs such matters as minimum wage, overtime and other working conditions), along with the Americans with Disabilities Act (which provides civil rights protections to individuals with disabilities in the context of employment, public accommodations, and other areas), the Immigration Reform and Control Act of 1986, various family leave mandates and a variety of other laws enacted, or rules and regulations promulgated by federal, state and local governmental authorities that govern these and other employment matters, including tip credits, working conditions, safety standards and immigration status. There have been several complaints alleging franchisors to be joint employers with franchisees. Although we do not consider ourselves to be joint employers with our franchisees, there can be no assurance that other franchisors will not receive similar complaints in the future which may result in legal proceedings based on the actions of its franchisees. Increases in payroll expenses as a result of any federal and state mandated increases in the minimum wage may negatively impact our and our franchisees' profitability. Enactment and enforcement of various federal, state and local laws, rules and regulations on immigration and labor organizations may adversely impact the availability and costs of labor in a particular area or across the United States. Other labor shortages or increased team member turnover could also increase labor costs. In addition, our vendors may be affected by higher minimum wage standards or availability of labor, which may increase the price of goods and services they supply to us. The Patient Protection and Affordable Care Act has impacted our franchisees' employee costs in some respects. There are no assurances that a combination of cost management and price increases can accommodate all of the costs associated with compliance.

We are subject to extensive federal, state and local governmental regulations, including those relating to food safety and inspection and the preparation and sale of food and alcoholic beverages. Disruptions within any government agencies could impact the U.S. food industry, which may have an adverse effect on our business. We are also subject to laws and regulations relating to building and zoning requirements. Our and our franchisees' restaurants are also subject to licensing and regulation by alcoholic beverage control, health, sanitation, safety and fire agencies in the state, county and/or municipality where the restaurant is located. We cannot assure you that we or our franchisees will not encounter material difficulties or failures, including with respect to obtaining and maintaining required licenses and approvals, which could impact the continuing operations of an existing restaurant, or delay or prevent the opening of a new restaurant.

In addition, we are subject to laws and regulations, which vary from jurisdiction to jurisdiction, relating to nutritional content and menu labeling. Compliance with these laws and regulations may lead to increased costs and operational complexity and may increase our exposure to governmental investigations or litigation. In connection with the continued operation or remodeling of certain restaurants, we and our franchisees may be required to expend funds to meet federal, state, local and international regulations. The inability to obtain or maintain such licenses or publicity resulting from actual or alleged violations of such laws could have an adverse effect on our results of operations.

We are subject to federal regulation and certain foreign and state laws, including state laws that govern the offer and sale of franchises. Many state franchise laws contain provisions that supersede the terms of franchise agreements, including provisions concerning the termination or non-renewal of a franchise. Some state franchise laws require that certain materials be registered before franchises can be offered or sold in that state. The failure to obtain or retain licenses or approvals to sell franchises could adversely affect us and the franchisees. Changes in, and the cost of compliance with, government regulations could have a material effect on operations.

Finally, regulatory changes or actions under the current U.S. political administration may impact the laws or regulations described above. We cannot predict whether or when any of these potential changes in law might become effective in any jurisdiction nor the impact, if any, of these changes to our business.

We are subject to risks associated with self-insurance for medical, dental and vision benefits. We self-insure all of our employee medical, dental and vision benefits. We maintain a per claim stop loss coverage but do not maintain coverage at an aggregate level. Our reserves are based on historical loss trends that may not correlate to actual loss experience in the future. If we experience an unexpectedly large number of claims that result in costs or liabilities in excess of our projections, our reserves may prove to be insufficient and we may be exposed to significant and unexpected losses. For these and other reasons, including our inability to renew stop loss coverage at competitive rates, we are subject to risks associated with self-insurance that may have an adverse effect on the Corporation’s financial condition and operating results.

In addition, access to personal medical information is regulated by federal, state and/or local laws as well as by certain third-party agreements. If our security and information systems or the systems of our third-party vendors are compromised, we could be subject to costly litigation or penalties and our reputation and operations could be adversely affected.

Any inability or failure to execute on a comprehensive business continuity plan following a major natural disaster such as an earthquake, tornado, flood or a man-made disaster, including terrorism or a cyber incident, at or affecting our corporate facilities could materially adversely impact our business. Our corporate systems and processes and corporate support for our restaurant operations are handled primarily at our restaurant support center. We have disaster recovery procedures and business continuity plans in place to address most events of a crisis nature, including earthquakes, tornadoes, floods and other natural or man-made disasters, and back up and off-site locations for recovery of electronic and other forms of data and information. However, if we are unable to fully implement our disaster recovery plans, we may experience delays in recovery of data, inability to perform vital corporate functions, tardiness in required reporting and compliance, failures to adequately support field operations and other breakdowns in normal communication and operating procedures that could have a material adverse effect on our financial condition, results of operation and exposure to administrative and other legal claims.

Development initiatives outside our core business could negatively impact our brands. Our business expansion into non-traditional restaurant formats, including restaurants with a smaller footprint and restaurants located in non-traditional locations could create new risks to our brand and reputation.

Failure of our internal controls over financial reporting and future changes in accounting standards may cause adverse unexpected operating results, affect our reported results of operations or otherwise harm our business and financial results. Our management is responsible for establishing and maintaining effective internal controls over financial reporting. Internal controls over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with accounting principles generally accepted in the United States. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that we would prevent or detect a misstatement of our financial statements or fraud. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and timely or to detect and prevent fraud. A significant financial reporting failure or material weakness in internal control over financial reporting could cause a loss of investor confidence and decline in the market price of our common stock.

A change in accounting standards can have a significant effect on our reported results and may affect our reporting of transactions before the change is effective. New pronouncements and varying interpretations of pronouncements have occurred and may occur in the future. Changes to existing accounting rules or the questioning of current accounting practices may adversely affect our reported financial results. Additionally, our assumptions, estimates and judgments related to complex accounting matters could significantly affect our financial results. Generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations are highly complex and involve many subjective assumptions, estimates and judgments by us. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments by us could significantly change our reported or expected financial performance.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The table below shows the location and ownership type of Applebee's and IHOP restaurants as of December 31, 2018:

	Applebee's (a)			IHOP (a)			
	Franchise	Company	Total Applebee's	Franchise	Area License		Total IHOP
United States							
Alabama	29	—	29	19	—		19
Alaska	1	—	1	4	—		4
Arizona	22	—	22	45	—		45
Arkansas	8	—	8	17	—		17
California	114	—	114	233	—		233
Colorado	24	—	24	37	—		37
Connecticut	6	—	6	9	—		9
Delaware	12	—	12	7	—		7
District of Columbia	—	—	—	2	—		2
Florida	105	—	105	—	146	(b)	146
Georgia	63	—	63	77	4	(b)	81
Hawaii	2	—	2	8	—		8
Idaho	12	—	12	8	—		8
Illinois	39	—	39	52	—		52
Indiana	58	—	58	24	—		24
Iowa	26	—	26	11	—		11
Kansas	32	—	32	28	—		28
Kentucky	27	—	27	10	—		10
Louisiana	15	—	15	31	—		31
Maine	12	—	12	4	—		4
Maryland	22	—	22	52	—		52
Massachusetts	28	—	28	21	—		21
Michigan	86	—	86	27	—		27
Minnesota	50	—	50	9	—		9
Mississippi	21	—	21	15	—		15
Missouri	49	—	49	33	—		33
Montana	8	—	8	5	—		5
Nebraska	18	—	18	8	—		8
Nevada	13	—	13	24	—		24
New Hampshire	14	—	14	6	—		6
New Jersey	60	—	60	46	—		46
New Mexico	20	—	20	22	—		22
New York	109	—	109	57	—		57
North Carolina	1	42	43	54	—		54
North Dakota	11	—	11	2	—		2
Ohio	77	—	77	41	—		41
Oklahoma	13	—	13	34	—		34
Oregon	19	—	19	9	—		9
Pennsylvania	80	—	80	27	—		27
Rhode Island	8	—	8	5	—		5
South Carolina	—	27	27	33	—		33
South Dakota	6	—	6	2	—		2
Tennessee	30	—	30	41	—		41
Texas	97	—	97	209	—		209
Utah	10	—	10	21	—		21
Vermont	3	—	3	1	—		1
Virginia	63	—	63	67	—		67
Washington	41	—	41	32	—		32
West Virginia	16	—	16	8	—		8
Wisconsin	40	—	40	15	—		15
Wyoming	4	—	4	3	—		3
Total Domestic	1,624	69	1,693	1,555	150		1,705

	Applebee's (a)			IHOP (a)		
	Franchise	Company	Total Applebee's	Franchise	Area License	Total IHOP
International						
Bahrain	—	—	—	3	—	3
Brazil	2	—	2	—	—	—
Canada	16	—	16	16	12 (b)	28
Costa Rica	3	—	3	—	—	—
Dominican Republic	3	—	3	—	—	—
Egypt	1	—	1	—	—	—
Guam	1	—	1	2	—	2
Guatemala	5	—	5	2	—	2
India	—	—	—	2	—	2
Indonesia	1	—	1	—	—	—
Kuwait	8	—	8	6	—	6
Lebanon	—	—	—	1	—	1
Mexico	56	—	56	45	—	45
Northern Mariana Islands	—	—	—	1	—	1
Panama	2	—	2	4	—	4
Puerto Rico	6	—	6	5	—	5
Qatar	8	—	8	1	—	1
Saudi Arabia	22	—	22	17	—	17
Thailand	—	—	—	3	—	3
United Arab Emirates	10	—	10	6	—	6
Total International	144	—	144	114	12	126
Totals	1,768	69	1,837	1,669	162	1,831

(a) The properties identified in this table generate revenue in our franchise, rental, financing and company restaurant operating segments.
(b) Of these restaurants, 35 in Florida, one in Georgia and nine in Canada have been sub-licensed by the area licensee.

Of the 1,669 IHOP restaurants operated by franchisees, 58 were located on sites owned by us, 618 were located on sites leased by us from third parties and 993 were located on sites owned or leased by franchisees. All of the IHOP restaurants operated by area licensees and 1,766 of the franchisee-operated Applebee's restaurants were located on sites owned or leased by the area licensees or the franchisees. We owned one site on which a franchisee-operated Applebee's restaurant was located. The 69 Applebee's restaurants we operated as of December 31, 2018 were located on sites leased by us from third parties.

Leases of IHOP restaurants generally provide for an initial term of 20 to 25 years, with most having one or more five-year renewal options. Leases of Applebee's restaurants generally have an initial term of 10 to 20 years, with renewal terms of five to 20 years. In addition, a substantial number of the leases for both IHOP and Applebee's restaurants include provisions calling for the periodic escalation of rents during the initial term and/or during renewal terms. The leases typically provide for payment of rents in an amount equal to the greater of a fixed amount or a specified percentage of gross sales and for payment of taxes, insurance premiums, maintenance expenses and certain other costs. Historically, it has been our practice to seek to extend, through negotiation, those leases that expire without renewal options. However, from time to time, we choose not to renew a lease or are unsuccessful in negotiating satisfactory renewal terms. When this occurs, the restaurant is closed and possession of the premises is returned to the landlord.

Under our Applebee's franchise agreements, we have certain rights to gain control of a restaurant site in the event of default under the franchise agreement. Because substantially all IHOP franchised restaurants developed by us under our Previous IHOP Business Model are subleased to the franchisees, IHOP has the ability to regain possession of the subleased restaurant if the franchisee defaults in the payment of rent or other terms of the sublease.

We currently occupy our principal corporate offices and restaurant support center in Glendale, California, under a lease expiring in April 2023. We lease approximately 50,000 square feet of office space in Kansas City, Missouri, under a lease expiring in October 2021.

Item 3. Legal Proceedings.

We are subject to various lawsuits, administrative proceedings, audits, and claims arising in the ordinary course of business. Some of these lawsuits purport to be class actions and/or seek substantial damages. We are required to record an accrual for litigation loss contingencies that are both probable and reasonably estimable. Legal fees and expenses associated with the defense of all of our litigation are expensed as such fees and expenses are incurred. Management regularly assesses our insurance deductibles, analyzes litigation information with our attorneys and evaluates our loss experience in connection with pending legal proceedings. While we do not presently believe that any of the legal proceedings to which we are currently a party will ultimately have a material adverse impact on us, there can be no assurance that we will prevail in all the proceedings we are party to, or that we will not incur material losses from them.

Item 4. Mine Safety Disclosure.

Not Applicable.

PART II

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

Market Information

Our common stock is traded on the NYSE under the symbol “DIN”.

Holders

The number of stockholders of record and beneficial owners of our common stock as of February 1, 2019 was estimated to be 19,100.

Dividends on Common Stock

Please refer to Note 12 - Stockholders' Deficit, of the Notes to the Consolidated Financial Statements for information on dividends declared and paid in the fiscal years ended December 31, 2018 and December 31, 2017.

On February 20, 2019, our Board of Directors approved payment of a cash dividend of $0.69 per share of common stock, payable at the close of business on April 5, 2019 to the stockholders of record as of the close of business on March 20, 2019.

We evaluate dividend payments on common stock within the context of our overall capital allocation strategy with our Board of Directors on an ongoing basis, giving consideration to our current and forecast earnings, financial condition, cash requirements and other factors. There can be no assurance that we will continue to pay such dividends or the amount of such dividends.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information as of December 31, 2018, regarding shares outstanding and available for issuance under the Dine Brands Global, Inc. 2016 Stock Incentive Plan (the "2016 Plan"):

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	1,439,708	$ 63.21	567,829
Equity compensation plans not approved by security holders	—	—	—
Total	1,439,708	$ 63.21	567,829

The number of securities remaining available for future issuance represents shares under the 2016 Plan. Please refer to Note 14 - Stock-Based Incentive Plans, of the Notes to the Consolidated Financial Statements for a description of the 2016 Plan.

Issuer Purchases of Equity Securities

Purchases of Equity Securities by the Company

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs (c)	Approximate dollar value of shares that may yet be purchased under the plans or programs (c)
October 1, 2018 – October 28, 2018[a]	29,253	$76.80	27,730	$ 37,100,000
October 29, 2018 – November 25, 2018[b]	788	$88.73	—	$ 37,100,000
November 26, 2018 – December 30, 2018[a]	68,057	$73.07	67,494	$ 32,200,000
Total	98,098	$74.31	95,224	$ 32,200,000

(a) Include 1,523 shares owned and tendered by employees at an average price of $81.24 per share during the fiscal month ended October 28, 2018 and 563 shares owned and tendered by employees at an average price of $82.59 per share during the fiscal month ended December 30, 2018 to satisfy tax withholding obligations arising upon the vesting of restricted stock awards. Shares so surrendered by the participants are repurchased by us pursuant to the terms of the plan under which the shares were issued and the applicable individual award agreements and not pursuant to publicly announced repurchase authorizations.

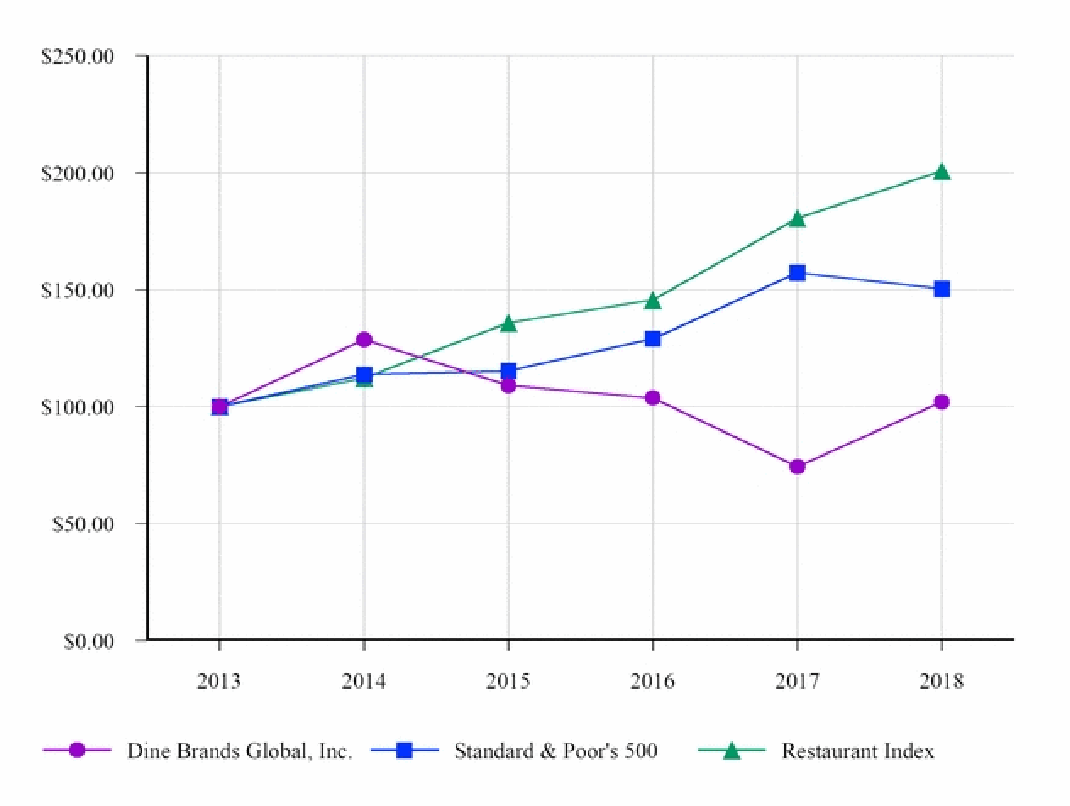
(b) These amounts represent shares owned and tendered by employees to satisfy tax withholding obligations arising upon the vesting of restricted stock awards. Shares so surrendered by the participants are repurchased by us pursuant to the terms of the plan under which the shares were issued and the applicable individual award agreements and not pursuant to publicly announced repurchase authorizations.

(c) In October 2015, our Board of Directors approved a stock repurchase program authorizing us to repurchase up to $150 million of the Company's common stock on an opportunistic basis from time to time in open market transactions and in privately negotiated transactions, including Rule 10b-5 stock repurchase plans, based on business, market, applicable legal requirements and other considerations. The program does not require the repurchase of a specific number of shares and can be terminated at any time.

Stock Performance Graph

The graph below shows a comparison of the cumulative total stockholder return on our common stock with the cumulative total return on the Standard & Poor's 500 Composite Index and the Value-Line Restaurants Index (“Restaurant Index”) over the five-year period ended December 31, 2018. The graph and table assume $100 was invested at the close of trading on the last day of trading in 2013 in our common stock and in each of the market indices, with reinvestment of all dividends. Stockholder returns over the indicated periods should not be considered indicative of future stock prices or stockholder returns.

Comparison of Five-Year Cumulative Total Stockholder Return
Dine Brands Global, Inc., Standard & Poor's 500 and Value Line Restaurant Index
(Performance Results through December 31, 2018)



	2013	2014	2015	2016	2017	2018
Dine Brands Global, Inc.	$ 100.00	$ 128.63	$ 109.08	$ 103.70	$ 74.25	$ 101.97
Standard & Poor's 500	100.00	113.69	115.27	129.06	157.23	150.34
Restaurant Index	100.00	112.21	135.82	145.60	180.63	200.74

The foregoing performance graph is being furnished as part of this report solely in accordance with the requirement under Rule 14a-3(b)(9) to furnish our stockholders with such information, and therefore, shall not be deemed to be filed or incorporated by reference into any filings by the Company under the Securities Act of 1933, as amended (the “Securities Act”) or the Exchange Act.

Item 6. Selected Financial Data.

The following selected consolidated financial data should be read in conjunction with the consolidated financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this Annual Report on Form 10-K. The consolidated statement of operations information and the consolidated balance sheet data for the years ended and as of December 31, 2018, December 31, 2017, December 31, 2016, December 31, 2015 and December 31, 2014 are derived from our audited consolidated financial statements.

	Fiscal Year Ended December 31,				
	2018	2017	2016	2015	2014
		(as adjusted) [(a)]			
Revenues:	(In millions, except per share amounts and restaurant data)				
Royalties, franchise fees and other franchise revenues	$ 375.6	$ 360.2	$ 377.9	$ 386.6	$ 365.8
Advertising revenue	268.3	234.2	260.1	108.1	90.3
Total franchise revenues	643.9	594.4	638.0	494.7	456.1
Rental revenues	121.9	121.4	123.0	127.7	122.9
Financing revenues	8.0	8.4	9.2	10.8	13.5
Company restaurant sales (c)	7.1	7.5	17.4	47.9	62.5
Total revenues	780.9	731.7	787.6	681.1	655.0
Cost of revenues:					
Advertising expenses	269.6	243.1	260.1	108.1	90.3
Other franchise expenses	61.0	50.9	33.4	30.9	31.5
Total franchise expenses	330.6	294.0	293.5	139.0	121.8
Rental revenues	90.7	90.6	91.5	94.6	94.7
Financing revenues	0.6	0.6	0.2	0.5	0.8
Company restaurant expenses (c)	5.9	7.8	18.2	48.0	62.6
Total cost of revenues	427.8	393.0	403.4	282.1	279.9
Gross profit	353.1	338.7	384.1	399.0	375.1
General and administrative expenses	166.7	165.7	148.9	155.4	145.9
Interest expense	61.7	62.0	61.5	63.3	96.6
Impairment of goodwill and intangible assets	—	531.6	—	—	—
Other expense, net (b)	14.1	7.7	15.9	11.7	81.0
Income before income taxes	110.6	(428.3)	157.8	168.6	51.6
Income tax (provision) benefit	(30.3)	85.6	(56.8)	(63.7)	(15.1)
Net income (loss)	80.4	(342.8)	101.0	104.9	36.5
Net income (loss) available to common stockholders	$ 77.6	$ (336.0)	$ 99.6	$ 103.5	$ 35.9
Net income (loss) available to common stockholders per share:					
Basic	$ 4.43	$ (18.96)	$ 5.52	$ 5.55	$ 1.92
Diluted	$ 4.37	$ (18.96)	$ 5.49	$ 5.52	$ 1.90
Weighted average shares outstanding:					
Basic	17.5	17.7	18.0	18.6	18.8
Diluted	17.8	17.7	18.1	18.8	19.0
Dividends declared per common share	$ 2.52	$ 3.88	$ 3.73	$ 3.545	$ 3.125
Dividends paid per common share	$ 2.86	$ 3.88	$ 3.68	$ 3.50	$ 2.25
Balance Sheet Data (end of year):					
Cash and cash equivalents	$ 137.2	$ 117.0	$ 140.5	$ 144.8	$ 104.0
Property and equipment, net	240.3	199.6	219.6	219.6	241.2
Total assets	1,774.7	1,735.6	2,331.9	2,331.9	2,393.7
Long-term debt, less current maturities	1,274.1	1,269.8	1,282.7	1,279.5	1,276.5
Capital lease and financing obligations, less current maturities	126.2	101.1	114.2	127.2	140.6
Stockholders' (deficit) equity	(202.3)	(215.5)	252.8	267.2	279.1
Other Financial Data:					
Cash flows provided by operating activities	$ 140.3	$ 65.7	$ 118.1	$ 135.5	$ 118.5
Capital expenditures	14.3	13.4	5.6	6.6	5.9
Domestic system-wide same-restaurant sales percentage change:					
Applebee's	5.0%	(5.3)%	(5.0)%	0.2%	1.1%
IHOP	1.5%	(1.9)%	(0.1)%	4.5%	3.9%
Total restaurants (end of year):					
Applebee's	1,837	1,936	2,016	2,033	2,017
IHOP	1,831	1,786	1,733	1,683	1,650
Total restaurants	3,668	3,722	3,749	3,716	3,667

(a) We adopted a new revenue recognition standard on January 1, 2018 that was applied retrospectively to 2017 and 2016 (See Note 2 of Notes to Consolidated Financial Statements); financial information for years 2015 and 2014 has not been adjusted to reflect the new standard.

(b) Includes amortization of intangible assets, closure and other impairment charges and gain/loss on disposition of assets in each year as well as $2.5 million of debt refinancing costs in 2018 and a $64.9 million loss on extinguishment of debt in 2014.

(c) We acquired 69 Applebee's franchise restaurants in December 2018. We refranchised nine IHOP company-operated restaurants in June 2017 and 23 Applebee's company-operated restaurants in July 2015.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Cautionary Statement Regarding Forward-Looking Statements

Statements contained in this report may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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. You can identify these forward-looking statements by words such as “may,” “will,” “should,” “could,” “expect,” “anticipate,” “believe,” “estimate,” “intend,” “plan,” “goal” and other similar expressions. You should consider our forward-looking statements in light of the risks discussed under the heading “Risk Factors,” as well as our consolidated financial statements, related notes, and the other financial information appearing elsewhere in this report and our other filings with the United States Securities and Exchange Commission. The forward-looking statements contained in this report are made as of the date hereof and the Company assumes no obligation to update or supplement any forward-looking statements.

You should read the following Management's Discussion and Analysis of Financial Condition and Results of Operations in conjunction with the consolidated financial statements and the related notes that appear elsewhere in this report.

General

The first International House of Pancakes restaurant opened in 1958 in Toluca Lake, California. Shortly thereafter, the Company's predecessor began developing and franchising additional restaurants. The Company was incorporated under the laws of the State of Delaware in 1976 with the name IHOP Corp. In November 2007, the Company completed the acquisition of Applebee's International, Inc., which became a wholly-owned subsidiary of the Company. Effective June 2, 2008, the name of the Company was changed to DineEquity, Inc. and on February 20, 2018, the name of the Company was changed to Dine Brands Global, Inc.SM (“Dine Brands Global,” “we” or “our”). Through various subsidiaries (see Exhibit 21, Subsidiaries of Dine Brands Global, Inc.), we own, franchise and operate the Applebee's Neighborhood Grill + Bar® (“Applebee's”) concept in the bar and grill segment within the casual dining category of the restaurant industry and we own and franchise the International House of Pancakes® (“IHOP”) concept in the family dining category of the restaurant industry. References herein to Applebee's® and IHOP® restaurants are to these two concepts, whether operated by franchisees, area licensees or us.

Domestically, Applebee's and IHOP franchise restaurants are in all 50 states and two IHOP franchise restaurants are in the District of Columbia. Internationally, IHOP restaurants are in three United States territories and 12 countries outside of the United States; Applebee's restaurants are in two United States territories and 13 countries outside of the United States. With nearly 3,700 restaurants combined, we believe we are the largest full-service restaurant company in the world. The June 18, 2018 issue of *Nation's Restaurant News* reported that IHOP and Applebee's were the largest restaurant systems in the family dining and casual dining categories, respectively, in terms of United States system-wide sales during 2017. This marks the eleventh consecutive year our two brands have achieved the number one ranking in *Nation's Restaurant News*.

We have a 52/53 week fiscal year ending on the Sunday nearest to December 31 of each year. For convenience, in this annual report on Form 10-K, we refer to all fiscal years as ending on December 31 and all interim fiscal quarters as ending on March 31, June 30 and September 30 of the respective fiscal year. There were 52 calendar weeks in our 2018, 2017 and 2016 fiscal years that ended on December 30, 2018, December 31, 2017 and January 1, 2017, respectively.

Executive Summary of 2018 Results

Overview

- We reported net income of $80.4 million, or $4.37 per diluted share in 2018, compared to a loss of $342.7 million generated in 2017 that was primarily due to impairment charges taken in the third quarter of 2017 related to Applebee's goodwill and intangible assets;
- Our gross profit grew $14.4 million, primarily due to an increase in gross profit from franchise operations;
- Applebee's domestic same-restaurant sales grew 5.0% in 2018, the largest annual increase since our acquisition of the brand in 2007;
- IHOP's reported system-wide sales grew 3.9% in 2018 driven by an increase in franchise restaurants due to development and a 1.5% increase in domestic same-restaurant sales;
- The combined system-wide sales of both brands grew to nearly $7.6 billion, a 3.0% increase compared to 2017.

- We generated cash from operating activities of $140.3 million and adjusted free cash flow (cash provided by operating activities, plus receipts from notes and equipment contract receivables, less additions to property and equipment) of $140.9 million in 2018;

- We returned nearly $85 million to our stockholders, comprised of $51.1 million in cash dividends and $33.6 million in the form of stock repurchases;

- IHOP franchisees opened 71 new restaurants worldwide, with net development of 45 restaurants. Applebee's franchisees closed 106 restaurants worldwide, with a net reduction of 99 restaurants. Taken together, the total number of our restaurants declined by less than 1% from last year's total; and

- IHOP franchisees remodeled 270 domestic restaurants in 2018 under our new *Rise 'N' Shine* design. A total of 890 restaurants have been remodeled since the *Rise 'N' Shine* design was announced in late 2015.

Key Performance Indicators

An overview of our key performance indicators for the year ended December 31, 2018 is as follows:

	Applebee's	**IHOP**
Sales percentage increase	2.3%	3.9%
% increase in domestic same-restaurant sales	5.0%	1.5%
Net franchise restaurant (reduction) development [(1)]	(99)	45
Net (decrease) increase in effective franchise restaurants	(87)	55

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(1) Franchise and area license restaurant openings, net of closings

Financial Summary

	2018	***Favorable (Unfavorable) Variance***	**2017 (as adjusted)**
	(In millions, except per share amounts)		
Income (loss) before income taxes	$ 110.6	*$ 538.9*	$ (428.3)
Income tax (provision) benefit	(30.2)	*(115.8)*	85.6
Net income (loss)	$ 80.4	*$ 423.1*	$ (342.7)
		Variance	
Effective tax rate	27.4%	*(7.4)%*	20.0%
Net income (loss) per diluted share	$ 4.37	*$ 23.33*	$ (18.96)
Weighted average diluted shares outstanding	17.8	*(0.1)*	17.7

Income before income taxes for the year ended December 31, 2018 increased $538.9 million compared to the year ended December 31, 2017. The primary reasons for the increase are summarized as follows:

	(In millions)
Impairment of goodwill and intangible assets taken in 2017 that did not recur	$ 531.6
Increase in gross profit:	
Franchise operations	12.9
All other operations	1.5
Total gross profit increase	14.4
Change in General and Administrative ("G&A") expenses:	
Decrease due to executive separation costs in 2017 that did not recur	8.8
Increase in all other G&A, net	(9.8)
Total G&A increase	(1.0)
Other expense/income items, net	(6.1)
Increase in income before income taxes	$ 538.9

On January 1, 2018, we adopted the guidance of Accounting Standards Codification 606 - Revenue from Contracts with Customers ("ASC 606") using the full retrospective method. Accordingly, previously reported financial information has been adjusted to reflect the application of ASC 606 to the comparative 2017 and 2016 periods presented. The retrospective adoption of ASC 606 increased our net loss for the year ended December 31, 2017 by $12.2 million (approximately $0.68 per diluted share) and increased our net income for the year ended December 31, 2016 by $3.0 million (approximately $0.16 per diluted share). See Note 2 of the Notes to Consolidated Financial Statements for additional discussion of our adoption of ASC 606.

Key Performance Indicators

In evaluating the performance of each restaurant concept, we consider the key performance indicators to be the system-wide sales percentage change, the percentage change in domestic system-wide same-restaurant sales ("domestic same-restaurant sales"), net franchise restaurant development and the change in effective franchise restaurants. Changes in both domestic same-restaurant sales and in the number of Applebee's and IHOP franchise restaurants will impact our system-wide retail sales that drive franchise royalty revenues. Restaurant development also impacts franchise revenues in the form of initial franchise fees and, in the case of IHOP restaurants, sales of proprietary pancake and waffle dry mix.

System-wide Sales and Domestic Same-Restaurant Sales

The following table sets forth for each of the past three years the number of "Effective Restaurants" in the Applebee's and IHOP systems and information regarding the percentage change in sales at those restaurants compared to the same periods in the prior two years. Sales at restaurants that are owned by franchisees and area licensees are not attributable to the Company and, as such, the percentage changes in sales presented below are based on non-GAAP sales data. However, we believe that presentation of this information is useful in analyzing our revenues because franchisees and area licensees pay us royalties and advertising fees that are generally based on a percentage of their sales, and, where applicable, rental payments under leases that partially may be based on a percentage of their sales. Management also uses this information to make decisions about future plans for the development of additional restaurants as well as evaluation of current operations.

Applebee's Restaurant Data	**Year Ended December 31,**		
Global Effective Restaurants:[a]	**2018**	**2017**	**2016**
Franchise	1,883	1,970	2,027
Company	3	—	—
Total	1,886	1,970	2,027
System-wide:[b]			
Domestic sales percentage change[c]	2.3%	(6.8)%	(6.8)%
Domestic same-restaurant sales change[d]	5.0%	(5.3)%	(5.0)%
Franchise:[b]			
Domestic sales percentage change[c]	2.1%	(6.8)%	(6.2)%
Domestic same-restaurant sales change[d]	4.9%	(5.3)%	(5.0)%
Domestic average weekly unit sales (in thousands)	$ 46.7	$ 43.6	$ 45.3
IHOP Restaurant Data			
Global Effective Restaurants:[a]			
Franchise	1,633	1,576	1,517
Area license	162	164	166
Company	—	5	10
Total	1,795	1,745	1,693
System-wide:[b]			
Sales percentage change[c]	3.9%	0.7 %	(0.3)%
Domestic same-restaurant sales change(d)	1.5%	(1.9)%	(0.1)%
Franchise:[b]			
Sales percentage change[c]	4.4%	1.2 %	(0.3)%
Domestic same-restaurant sales change(d)	1.5%	(1.9)%	(0.1)%
Average weekly unit sales (in thousands)	$ 36.6	$ 36.3	$ 37.3
Area License:[b]			
IHOP sales percentage change[c]	0.5%	(0.7)%	0.6 %

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[a] "Global Effective Restaurants" are the weighted average number of restaurants open in a given fiscal period, adjusted to account for restaurants open for only a portion of the period. Information is presented for all Effective Restaurants in the Applebee's and IHOP systems, domestic and international, which includes restaurants owned by franchisees and area licensees as well as those owned by the Company.

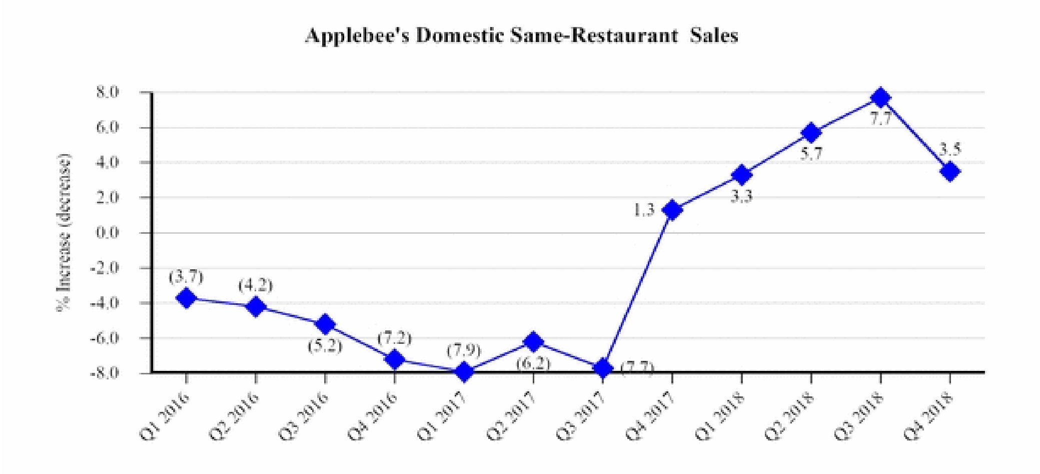
(b) "System-wide sales" are retail sales at Applebee's restaurants operated by franchisees and IHOP restaurants operated by franchisees and area licensees, as reported to the Company, in addition to retail sales at company-operated restaurants. Sales at restaurants that are owned by franchisees and area licensees are not attributable to the Company. An increase or decrease in franchisees' reported sales will result in a corresponding increase or decrease in our royalty revenue. Unaudited reported sales for Applebee's domestic franchise restaurants, IHOP franchise restaurants and IHOP area license restaurants for the years ended December 31, 2018, December 31, 2017 and December 31, 2016 and sale at company-operated restaurants were as follows:

	Year Ended December 31,		
Reported sales	**2018**	**2017**	**2016**
		(In millions)	
Applebee's domestic franchise restaurant sales	$ 4,204.1	$ 4,117.1	$ 4,418.6
Applebee's company-operated restaurants	7.1	—	—
IHOP franchise restaurant sales	3,106.7	2,974.6	2,939.9
IHOP area license restaurant sales	282.0	280.6	282.5
IHOP company-operated restaurants	—	7.5	17.4
Total	$ 7,599.9	$ 7,379.8	$ 7,658.4

(c) "Sales percentage change" reflects, for each category of restaurants, the percentage change in sales in any given fiscal year compared to the prior fiscal year for all restaurants in that category. The sales percentage change for the year ended December 31, 2016 was impacted by a 53rd calendar week in fiscal year 2015.

(d) "Domestic same-restaurant sales change" reflects the percentage change in sales in any given fiscal year, compared to the same weeks in the prior year, for domestic restaurants that have been operated throughout both fiscal years that are being compared and have been open for at least 18 months. Because of new unit openings and restaurant closures, the domestic restaurants open throughout the fiscal years being compared may be different from year to year. Domestic same-restaurant sales percentage change does not include data on IHOP area license restaurants.

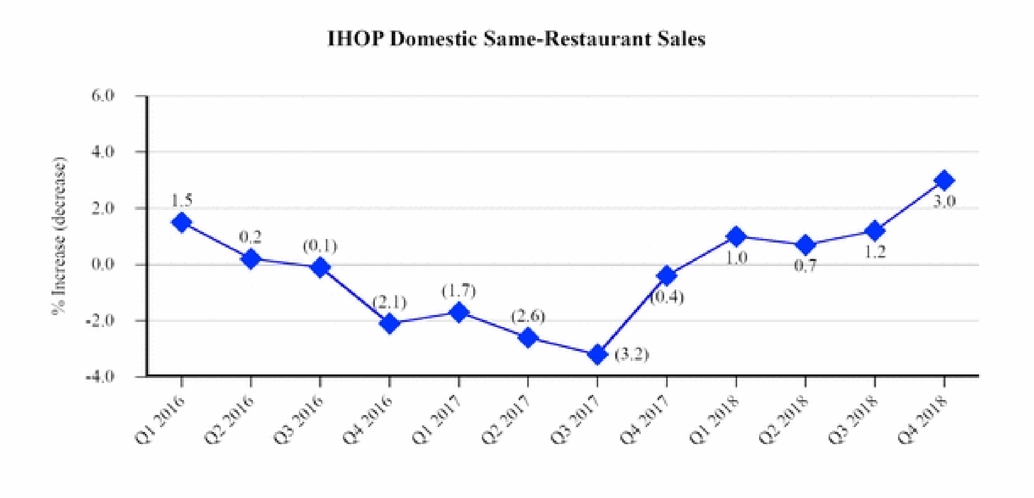
Domestic Same-Restaurant Sales Trends



Applebee's domestic same-restaurant sales increased 3.5% for the three months ended December 31, 2018 from the same period in 2017, the fifth consecutive quarter of growth in same-restaurant sales. The increase in the fourth quarter of 2018 was primarily due to an increase in average customer check that was partially offset by a decrease in customer traffic. We believe the decrease in traffic during the fourth quarter was due in part to the comparison to a strong fourth quarter of 2017 during which we first introduced promotional initiatives that effectively increased customer traffic. Applebee's same-restaurant sales increase for the fourth quarter of 2018 exceeded that of the casual dining segment of the restaurant industry. Based on data from Black Box Intelligence, a restaurant sales reporting firm ("Black Box"), the casual dining segment of the restaurant industry experienced an increase in same-restaurant sales during the fourth quarter of 2018 resulting from an increase in average customer check that was offset by a decline in customer traffic.

For the full year ended December 31, 2018, Applebee's domestic same-restaurant sales increased 5.0%, more than a 1,000 basis point improvement over a 5.3% decrease in 2017. The increase in domestic same-restaurant sales for the full year 2018 was primarily due to an increase in customer traffic, as well as an increase in average customer check. For the full year 2018, Applebee's substantially outperformed the casual dining segment, primarily with respect to traffic. Based on data from Black Box, the casual dining segment's increase in same-restaurant sales was smaller than Applebee's and was due to a decline in traffic that was partially offset by an increase in average customer check.

We believe Applebee's significantly outperformed the casual dining segment due to a multi-faceted strategy we began implementing in the latter half of 2017. The goal of that strategy was to redefine the Applebee's brand identity and culture and reconnect with our core customer base. Our recent marketing, culinary and operational initiatives appear to have resonated positively with our guests as an increase in customer traffic was primarily responsible for the 5.0% increase in domestic same-restaurant sales in 2018. The increase in traffic was driven, in part, by growth in our off-premise business (Carside-to-Go take-home and, to a lesser degree, third-party delivery). Delivery was available at 771 Applebee's restaurants by the end of 2018 as compared to 260 at the end of 2017.



IHOP’s domestic same-restaurant sales increased 3.0% for the three months ended December 31, 2018. The increase in the fourth quarter of 2018 was primarily due to an increase in average customer check driven by a favorable mix shift and a larger size of party. The increase in customer check was partially offset by a slight decline in customer traffic. We believe the improvement in IHOP's domestic same-restaurant sales in the fourth quarter of 2018 compared to the third quarter of 2018 was due to a successful promotional tie-in with *The Grinch* movie along with growth in our “IHOP 'N Go” off-premise business. IHOP's performance for fourth quarter 2018 exceeded that of the family dining segment of the restaurant industry. Based on data from Black Box, during the fourth quarter of 2018, the family dining segment had an increase in same-restaurant sales due to small increases in both traffic and average customer check. IHOP's increase in average customer check was substantially larger than the increase in the family dining segment.

For the full year ended December 31, 2018, IHOP's domestic same-restaurant sales increased 1.5%. The increase for the full year 2018 was due to an increase in average customer check partially offset by a decline in customer traffic. IHOP's performance for the full year of 2018 surpassed that of the family dining segment of the restaurant industry. Based on data from Black Box, for the full year of 2018, the family dining segment had a decrease in same-restaurant sales due primarily to a decrease in customer traffic, partially offset by an increase in average check. IHOP's increase in average check was larger than that of the family dining segment, and IHOP's decrease in traffic was smaller than that of the family dining segment. The increase in domestic same-restaurant sales was driven, in part, by growth in our off-premise business (IHOP ‘N’ Go take-home and, to a lesser degree, third-party delivery). We tested delivery with third-party delivery service providers at several hundred locations in the first half of 2018. We expanded these partnerships system-wide in July and by the end of 2018, delivery was available at over 1,000 IHOP restaurants.

Net Franchise Restaurant Development

The total number of Applebee's restaurants open at December 31, 2018 declined 5.1% from the number open at December 31, 2017 as franchisees opened seven new restaurants but closed 106 restaurants. Restaurant closures can occur for a variety of reasons that may differ for each restaurant and for each franchisee. Closures generally fall into one of two categories: restaurants in older locations whose retail, residential and traffic demographics have changed unfavorably over time, and restaurants with non-viable unit economics. The majority of Applebee's restaurant closures in 2018 were due to these factors.

IHOP franchisees and area licensees opened 71 restaurants in 2018 and closed 26 restaurants, resulting in net development of 45 restaurants. We believe the IHOP closures were primarily due to natural attrition as the total number of closures in 2018 was only slightly higher than the average annual closure rate of 21 restaurants per year over the past five years.

Internationally, franchisees of both brands opened 22 restaurants and closed 21, for net development of one restaurant. The international development activity is included in the total activity for each brand cited above.

The following tables summarize Applebee's and IHOP restaurant development and franchising activity over the past three years:

	Year Ended December 31,		
	2018	**2017**	**2016**
Applebee's Restaurant Development Activity			
Total Applebee's restaurants, beginning of period	**1,936**	**2,016**	**2,033**
Domestic	1,782	1,858	1,878
International	154	158	155
Franchise restaurants opened:			
Domestic	2	10	19
International	5	9	10
Total franchise restaurants opened	7	19	29
Franchise restaurants closed:			
Domestic	(91)	(86)	(39)
International	(15)	(13)	(7)
Total franchise restaurants closed	(106)	(99)	(46)
Net franchise restaurant reduction	**(99)**	**(80)**	**(17)**
Franchise restaurants acquired by the Company	(69)	—	—
Net franchise restaurant decrease	**(168)**	**(80)**	**(17)**
Summary - end of period:			
Franchise	1,768	1,936	2,016
Company restaurants [a]	69	—	—
Total Applebee's restaurants, end of period	**1,837**	**1,936**	**2,016**
Domestic	1,693	1,782	1,858
International	144	154	158
% Decrease in total Applebee's restaurants from prior year	**(5.1)%**	**(4.0)%**	**(0.8)%**

[a] In December 2018, the Company acquired 69 Applebee's restaurants from a former franchisee.

	Year Ended December 31,		
	2018	2017	2016
IHOP Restaurant Development Activity			
Summary - beginning of period:			
Franchise	1,622	1,556	1,507
Area license	164	167	165
Company[a]	—	10	11
Total IHOP restaurants, beginning of period	**1,786**	**1,733**	**1,683**
Domestic	1,671	1,637	1,604
International	115	96	79
Franchise/area license restaurants opened:			
Domestic franchise	51	48	43
Domestic area license	3	1	3
International franchise	17	28	20
Total franchise/area license restaurants opened	71	77	66
Franchise/area license restaurants closed:			
Domestic franchise	(15)	(11)	(12)
Domestic area license	(5)	(3)	(1)
International franchise	(6)	(8)	(3)
International area license	—	(1)	—
Total franchise/area license restaurants closed	(26)	(23)	(16)
Net franchise/area license restaurant development	**45**	**54**	**50**
Refranchised from Company restaurants	1	9	1
Franchise restaurants reacquired by the Company	(1)	—	—
Net franchise/area license restaurant additions	**45**	**63**	**51**
Summary - end of period:			
Franchise	1,669	1,622	1,556
Area license	162	164	167
Company[a]	—	—	10
Total IHOP restaurants, end of period	**1,831**	**1,786**	**1,733**
Domestic	1,705	1,671	1,637
International	126	115	96
% Increase in total IHOP restaurants from prior year	**2.5%**	**3.1%**	**3.0%**

[a] During the twelve months ending December 31, 2017, nine company-operated restaurants were refranchised and one was permanently closed.

For the full year of 2019, we expect development activity by Applebee's franchisees to result in net closures between 20 and 30 restaurants globally, the majority of which are expected to be domestic closures. IHOP franchisees and area licensees are expected to develop between 35 and 55 net new IHOP restaurants globally in 2019, the majority of which are expected to be domestic openings.

The actual number of openings may differ from both our expectations and development commitments. Historically, the actual number of restaurants developed in a particular year has been less than the total number committed to be developed due to various factors, including economic conditions and franchisee noncompliance with development agreements. The timing of new restaurant openings also may be affected by various factors including weather-related and other construction delays, difficulties in obtaining timely regulatory approvals and the impact of currency fluctuations on our international franchisees. The actual number of closures also may differ from our expectations. Our franchisees are independent businesses and decisions to close restaurants can be impacted by numerous factors in addition to changes in Applebee's domestic same-restaurant sales that are outside of our control, including but not limited to, franchisees' agreements with landlords and lenders.

Consolidated Results of Operations - Fiscal 2018, 2017 and 2016

Significant Known Events, Trends or Uncertainties Impacting or Expected to Impact Comparisons of Reported or Future Results

Applebee’s experienced a decline in system-wide sales between the third quarter of 2015 and the third quarter of 2017 which adversely impacted the financial health of some of our franchisees and the timely payment of amounts owed to us for royalty payments and advertising fund contributions. Most recently, non-timely or partial payments were primarily concentrated amongst several franchisees. These issues have been resolved. As part of the resolution of these issues, and as previously disclosed, we reached a court-approved settlement with one franchisee which, among other things, resulted in the payment of $12.5 million from the franchisee to us for past due royalty and advertising fees and the dismissal of all outstanding litigation between the parties and we completed the acquisition of 69 Applebee’s restaurants in North Carolina and South Carolina in December 2018.

We are closely monitoring and working with one remaining franchisee of significantly smaller scale on resolving outstanding issues related to past due royalty and advertising payments.

In working with our franchisees to resolve financial health issues, we provided various forms of assistance, primarily the approved closures of non-viable restaurants and waiver of related termination fees as well as making loans to certain franchisees, of which there are approximately $22.8 million outstanding at December 31, 2018. The majority of the loans resulted from the conversion of short-term accounts receivable for royalties and advertising fees into interest-bearing notes receivable.

Events Impacting Comparability of Financial Information

Change in Accounting Policy

On January 1, 2018, we adopted the guidance of ASC 606. The two most significant impacts of this change in accounting policy are as follows:

- Prior to the adoption of ASC 606, we did not record advertising fees received under Applebee's franchise agreements as franchise revenue and expense; we did record advertising fees received under IHOP franchise agreements as franchise revenue and expense. In evaluating advertising activity under the guidance of ASC 606, we consider ourselves to be primarily responsible for fulfilling the promise to provide all the services specified in the contract, including advertising activities, which are not considered to be distinct services in the context of providing the right to the symbolic intellectual property. Accordingly, under ASC 606, we are recording all advertising fees received as franchise revenue. Under previous accounting guidance for franchisors, advertising revenue and expense were recognized in the same amount in each period. That guidance was modified by ASC 606, such that advertising expense may now be recognized in a different period than the advertising revenue recognized as described above.

- Prior to the adoption of ASC 606, the Company generally recognized the entire franchise and/or development fee as revenue at the restaurant opening date. Under ASC 606, franchise and development fees are recognized as revenue ratably on a straight-line basis over the term of the franchise agreement commencing with the restaurant opening date.

We adopted this change in accounting principle using the full retrospective method. Accordingly, previously reported financial information for the years ended December 31, 2017 and 2016 has been adjusted to reflect the changes as described above from application of ASC 606. See Notes 2 and 3 of the Notes to Consolidated Financial Statements for additional discussion of our adoption of ASC 606 and our policies for recognition of revenue from contracts with customers.

In conjunction with the adoption of ASC 606, we implemented internal controls to ensure we adequately evaluated our contracts with franchisees and properly assessed the impact of ASC 606 on our consolidated financial statements.

Temporary Increase in Franchisee Contribution Rate to the Applebee's NAF

All domestic Applebee’s franchisees have entered into an amendment to their franchise agreements to increase their contribution to the Applebee's national advertising fund (the “Applebee’s NAF”), with virtually all agreeing to a 0.25% increase to 3.50% of their gross sales and a decrease to their minimum local promotional expenditures to 0.25% of their gross sales for the period from January 1, 2018 to December 31, 2019. Such franchisees also agreed to an incremental temporary increase of 0.75% in the advertising contribution rate to 4.25% effective July 1, 2018 to December 31, 2019. As a result of these rate increases, advertising revenue increased approximately $25 million in 2018 as compared to 2017.

Franchisor Contributions to the Applebee's NAF

We contributed $30.0 million, $9.5 million and $2.5 million to the Applebee's NAF in the years ended December 31, 2018, 2017 and 2016, respectively, to mitigate the decline in franchisee contributions due to restaurant closures and the non-timely payment of advertising fees by certain franchisees. Our contributions ceased as of June 30, 2018 and we do not anticipate making similar contributions to the Applebee's NAF in the foreseeable future.

Tax Cuts and Jobs Act

The Tax Cuts and Jobs Act (the “Tax Act”) enacted in December 2017 lowered the Federal statutory corporate tax rate from 35% to 21%, beginning in 2018. In accordance with U.S. GAAP, we revalued our net deferred tax liability as of December 31, 2017, based on a U.S. federal tax rate of 21 percent. This revaluation reduced our 2017 net loss by $66.5 million, or $3.75 per share.

During the year ended December 31, 2018, we increased our tax provision by $5.1 million related to adjustments resulting from IRS audits for tax years 2011 through 2013. This increased our effective tax rate from what would have been an estimated combined federal and state rate of 25% (reflecting the reduction in the federal tax rate from the Tax Act) to approximately 27.4% for the year ended December 31, 2018. Completion of the IRS audits for tax years 2011 through 2013 will allow us to accelerate the collection of certain tax benefits recognized in prior years. As a result, we expect to receive a cash refund of approximately $12.5 million within the next 12 months.

Acquisition of Franchise Restaurants and Refranchising of Company-Operated Restaurants

In December 2018, we acquired 69 Applebee's restaurants in North and South Carolina from a former Applebee's franchisee. While we currently intend to own and operate these restaurants for the near term, we will assess and monitor opportunities to refranchise these restaurants under favorable circumstances. We believe this transaction was a unique circumstance and should not be considered a change in our business strategy.

In June 2017, we refranchised nine of our ten company-operated IHOP restaurants in the Cincinnati, Ohio market area; the one restaurant not refranchised was closed. As a result, we no longer operate any IHOP restaurants on a permanent basis.

Impairment of Applebee's Goodwill and Tradename

We performed an interim quantitative test for impairment of Applebee's goodwill and indefinite-lived intangible assets in the third quarter of 2017. As a result of performing the interim quantitative test, we recognized an impairment of Applebee's goodwill of $358.2 million and an impairment of Applebee's tradename of $173.4 million.

Throughout 2018, we performed assessments to determine whether events or changes in circumstances have occurred that could indicate any potential additional impairment to our goodwill and indefinite-lived intangible assets. We considered, among other things, changes in Applebee's key performance indicators and what, if any, impact that performance had on the long-term forecast of future trends in sales, operating expenses, overhead expenses, depreciation, capital expenditures and changes in working capital that was used in performing the quantitative impairment test in the third quarter of 2017. We also considered the current market price of our common stock and the favorable impact of the Tax Act on future cash flows. We performed our annual test of impairment on a qualitative basis in the fourth quarter of 2018 and concluded it was not “more likely than not” that the fair value of the Applebee's franchise reporting unit is less than its carrying amount and therefore, a quantitative test of impairment was not necessary.

Executive Separation Costs

On February 17, 2017, we announced the resignation of our former Chairman and Chief Executive Officer (the "former CEO"), effective March 1, 2017. In accordance with the terms of the Separation Agreement and General Release filed as Exhibit 10.1 to Form 8-K filed on February 17, 2017, we recorded approximately $5.9 million for severance, separation pay and ancillary costs in the first quarter of 2017. All stock options and restricted stock awards held by the former CEO that were unvested at the time of the announcement became vested in connection with the separation. We recorded a charge of approximately $2.9 million related to the accelerated vesting of the equity awards in the first quarter of 2017. Total costs of $8.8 million related to the separation were included in G&A expenses for the year ended December 31, 2017.

Financial Review

Revenue	**2018**	***Favorable (Unfavorable) Variance***	**2017 (as adjusted)**	***Favorable (Unfavorable) Variance***	**2016 (as adjusted)**
			(In millions)		
Franchise operations	$ 643.9	*$ 49.5*	$ 594.4	*$ (43.6)*	$ 638.0
Rental operations	121.9	*0.5*	121.4	*(1.6)*	123.0
Financing operations	8.0	*(0.4)*	8.4	*(0.8)*	9.2
Company restaurant operations	7.1	*(0.4)*	7.5	*(9.9)*	17.4
Total revenue	$ 780.9	*$ 49.2*	$ 731.7	*$ (55.8)*	$ 787.6

Our 2018 total revenue grew by $49.2 million compared to 2017. The significant components of the change are as follows:

- Franchise advertising revenue increased $34.1 million, of which $25 million was due to the temporary increase in the franchisee contribution rate to the Applebee's NAF discussed above under *Events Impacting Comparability of Financial Information*. Collection of amounts not recognized as revenue in the prior year and increases in domestic system-wide sales at both brands also contributed to the increase in advertising revenue.
- Franchise royalty and fee revenue increased $15.4 million, primarily due to a 5.0% increase in Applebee's domestic same-restaurant sales, a 3.2% increase in IHOP effective franchise restaurants due to franchisee development and revenue from the cash collection of royalties previously unrecognized due to uncertainty as to collectibility.

Our 2017 total revenue declined $55.8 million compared to 2016. The significant components of the change are as follows:

- Franchise revenues decreased due to a 5.3% decline in Applebee's same-restaurant sales, an increase in Applebee's revenue we did not recognize due to uncertainty as to collectibility, an increase in closures of Applebee's restaurants, and a decrease in sales of IHOP pancake and waffle dry mix. These unfavorable items were partially offset by new restaurant development by IHOP franchisees.
- Company restaurant revenue declined primarily due to the refranchising of nine IHOP company-operated restaurants in June 2017 as noted above under "Events Impacting Comparability of Financial Information."
- Rental and financing revenues decreased primarily due to the progressive decline in interest income as financed receivables were repaid.

Gross Profit (Loss)	**2018**	***Favorable (Unfavorable) Variance***	**2017 (as adjusted)**	***Favorable (Unfavorable) Variance***	**2016 (as adjusted)**
			(In millions)		
Franchise operations	$ 313.3	*$ 12.9*	$ 300.4	*$ (44.1)*	$ 344.5
Rental operations	31.2	*0.4*	30.8	*(0.7)*	31.5
Financing operations	7.4	*(0.4)*	7.8	*(1.2)*	9.0
Company restaurant operations	1.2	*1.5*	(0.3)	*0.5*	(0.8)
Total gross profit	$ 353.1	*$ 14.4*	$ 338.7	*$ (45.5)*	$ 384.2
Change vs. prior year	4.2%		(11.8)%		(3.7)%

Our 2018 gross profit grew by $14.4 million compared to 2017. Significant components of the total change are as follows:

- Franchise gross profit increased primarily due to favorable resolution of certain franchisee financial health issues in the form of lower bad debt expense and cash collections of previously unrecognized royalty revenues, as well as a lower advertising fund deficit, increases in Applebee's and IHOP domestic same-restaurant sales and IHOP restaurant development.
- The favorable impacts on franchise gross profit were partially offset by an increase of $20.5 million in franchisor contributions to the Applebee's NAF.
- Company-operated restaurant gross profit improved due to the reacquisition of restaurants discussed above under "Events Impacting Comparability of Financial Information."

Our 2017 gross profit decreased $45.5 million compared to 2016. Primary components of the total change are as follows:

- Franchise gross profit declined primarily due to the decrease in revenue described above, an increase in Applebee's bad debt expense and an increase in franchisor contributions to the Applebee's NAF.
- Rental and financing gross profit were adversely impacted by the progressive decline in interest income as financed receivables were repaid.
- Company-operated restaurant gross profit improved slightly due to the refranchising of nine IHOP company-operated restaurants noted above.

Franchise Operations	**2018**	***Favorable (Unfavorable) Variance***	**2017 (as adjusted)**	***Favorable (Unfavorable) Variance***	**2016 (as adjusted)**
	(In millions, except number of restaurants)				
Effective Franchise Restaurants:[1]					
Applebee's	1,883	*(87)*	1,970	*(57)*	2,027
IHOP	1,795	*55*	1,740	*57*	1,683
Franchise Revenues:					
Applebee's	$ 176.6	*$ 7.8*	$ 168.8	*$ (18.7)*	$ 187.5
IHOP	199.0	*7.6*	191.4	*1.0*	190.4
Advertising	268.3	*34.1*	234.2	*(25.9)*	260.1
Total franchise revenues	643.9	*49.5*	594.4	*(43.6)*	638.0
Franchise Expenses:					
Applebee's	35.1	*(7.4)*	27.7	*(18.6)*	9.1
IHOP	25.9	*(2.7)*	23.2	*1.1*	24.3
Advertising	269.6	*(26.5)*	243.1	*17.0*	260.1
Total franchise expenses	330.6	*(36.6)*	294.0	*(0.5)*	293.5
Franchise Segment Profit:					
Applebee's	141.5	*0.3*	141.2	*(37.2)*	178.4
IHOP	173.1	*5.0*	168.1	*2.0*	166.1
Advertising	(1.3)	*7.6*	(8.9)	*(8.9)*	—
Total franchise segment profit	$ 313.3	*$ 12.9*	$ 300.4	*$ (44.1)*	$ 344.5
Gross profit as % total revenue	48.7%		50.5%		54.0%
Gross profit as % franchise fees [2]	83.8%		85.9%		91.2%

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[1] Effective Franchise Restaurants are the weighted average number of franchise and area license restaurants open in a given fiscal period, adjusted to account for franchise and area license restaurants open for only a portion of the period.

[2] Total franchise revenue excluding advertising

Our 2018 total franchise revenue increased $49.5 million compared to 2017, of which $34.1 million was due to an increase in advertising revenue discussed below. The significant components of the other revenue changes are as follows:

- Applebee's franchise revenue increased 4.6% compared to 2017, primarily due to a 5.0% increase in Applebee's domestic same-restaurant sales. We also recognized $6.4 million of revenue from the cash collection of royalties previously unrecognized due to uncertainty as to collectibility. These favorable items were partially offset by restaurant closures that reduced revenue by $4.7 million and lower international revenue of $0.6 million.
- IHOP franchise revenues increased 4.0% primarily due to the impact of a 3.2% increase in effective franchise restaurants due to franchisee development and a 1.5% increase in domestic same-restaurant on royalty and dry mix revenues.

Our 2018 total franchise expenses increased $36.6 million compared to 2017, of which $26.5 million was due to an increase in advertising expense discussed below. The significant components of the other expense changes are as follows:

- Applebee's franchise expenses increased $7.4 million primarily because of a $20.5 million increase in franchisor marketing contributions. We contributed $30.0 million to the Applebee's NAF in 2018 as compared the $9.5 million contribution we made in 2017. The increase in NAF contributions was partially offset by a $13.0 million decline in bad debt expense. After resolution of the significant majority of the franchisee health issues discussed under “Significant Known Events, Trends or Uncertainties Impacting or Expected to Impact Comparisons of Reported or Future Results” above, Applebee's bad debt expense was virtually zero in 2018.
- IHOP franchise expenses increased $2.7 million primarily due to an increase in pancake and waffle dry mix purchases related to increased sales and an increase of $0.6 million in franchisor contributions to the IHOP national advertising fund.

Our 2017 total franchise revenue declined $43.6 million compared to 2016, of which $25.9 million was due to a decrease in advertising revenue discussed below. The significant components of the other revenue changes are as follows:

- Applebee's franchise revenue decreased by approximately 10%. A 5.3% decrease in Applebee's domestic same-restaurant sales reduced revenue by $8.3 million and there was a decrease of $6.2 million of royalty revenue due to uncertainty as to its collectibility. Restaurant closures reduced revenue by $4.1 million. Lower franchise termination and transfer fees also contributed to the decrease.
- IHOP franchise revenues improved primarily due to increases in effective franchise restaurants due to franchisee development and an increase in international sales. These favorable items were primarily offset by a $1.6 million decrease in sales of pancake and waffle dry mix and a 1.9% decrease in IHOP's domestic same-restaurant sales.

Our 2017 total franchise expenses were essentially unchanged compared to 2016. The significant components of the total change are as follows:

- Applebee's franchise expenses increased primarily because of an $11.5 million increase in bad debt expense and an increase in franchisor marketing contributions. We contributed $9.5 million to the Applebee's NAF in 2017 to mitigate the decline in franchisee contributions that are based on sales as compared to a $2.5 million contribution in 2016.
- IHOP franchise expenses improved due primarily to favorability in pancake and waffle dry mix purchases partially offset by a $0.8 million franchisor contribution to the IHOP national advertising fund.
- The decrease in advertising expenses is discussed below.

Gross profit as a percentage of total revenue declined in 2018 compared to 2017 primarily because of the increase in franchisor contributions to the Applebee's NAF, partially offset by the decrease in Applebee's bad debt expense, the increase in Applebee's domestic same-restaurant sales and IHOP restaurant development. Gross profit as a percentage of revenue declined in 2017 compared to 2016 primarily because of the increase in Applebee's bad debt and franchisor contributions to the Applebee's NAF and the decrease in Applebee's franchise revenues.

As discussed under “Events Impacting Comparability of Financial Information,” we adopted ASC 606 effective January 1, 2018; the financial statements for fiscal 2017 and 2016 have been adjusted to reflect the application of ASC 606 to all comparative periods presented. Advertising revenue and expense by brand for fiscal 2018, 2017 and 2016 were as follows:

	2018	***Favorable (Unfavorable) Variance***	**2017 (as adjusted)**	***Favorable (Unfavorable) Variance***	**2016 (as adjusted)**
			(In millions)		
Advertising Revenues:					
Applebee's	$ 153.0	*$ 30.8*	$ 122.2	*$ (27.7)*	149.9
IHOP	115.3	*3.3*	112.0	*1.8*	110.2
Total advertising revenues	$ 268.3	*34.1*	$ 234.2	*(25.9)*	$ 260.1
Advertising Expenses:					
Applebee’s	$ 153.0	*$ (21.9)*	$ 131.1	*$ 18.8*	$ 149.9
IHOP	116.6	*(4.6)*	112.0	*(1.8)*	110.2
Total advertising expenses	$ 269.6	*$ (26.5)*	$ 243.1	*$ 17.0*	$ 260.1

Applebee's advertising revenue increased $30.8 million in 2018 compared to 2017, of which approximately $25 million was due to the temporary increase in the franchisee contribution rate discussed above under "Events Impacting Comparability of Financial Information." Additional factors in the increase were the 5.0% increase in Applebee's domestic same-restaurant sales and the collection of amounts not paid in the prior year, partially offset by the impact of restaurant closures. IHOP advertising revenue increased due to the increase in effective restaurants and the 1.5% increase in domestic same-restaurant sales. IHOP advertising spending exceeded advertising revenue by $1.3 million in 2018, with the deficit recognized as additional segment expense.

Applebee's advertising revenue decreased $27.7 million in 2017 compared to 2016, of which approximately $12 million was due to the non-payment of amounts due by several franchisees. Additional factors in the decrease were the 5.3% decrease in Applebee's domestic same-restaurant sales and the impact of restaurant closures. Additionally, franchisees had made an $8 million incremental advertising contribution in 2016 related to a promotional campaign that did not recur in 2017. Applebee's advertising spending exceeded advertising revenue by $8.9 million in 2017, with the deficit recognized as additional segment expense. IHOP advertising revenue increased due to an increase in effective restaurants, partially offset by the 1.9% decrease in domestic same-restaurant sales.

Rental Operations	**2018**	***Favorable (Unfavorable) Variance***	**2017**	***Favorable (Unfavorable) Variance***	**2016**
			(In millions)		
Rental revenues	$ 121.9	*$ 0.5*	$ 121.4	*$ (1.6)*	$ 123.0
Rental expenses	90.7	*(0.1)*	90.6	*0.9*	91.5
Rental operations segment profit	$ 31.2	*$ 0.4*	$ 30.8	*$ (0.7)*	$ 31.5
Gross profit as % revenue	25.6%		25.4%		25.6%

Rental operations relate primarily to IHOP franchise restaurants that were developed under the Previous IHOP Business Model described under Item 1. - Business. Rental income includes revenue from operating leases and interest income from direct financing leases. Rental expenses are costs of prime operating leases and interest expense on prime capital leases on certain franchise restaurants.

Rental revenue increased $0.5 million in 2018 compared to 2017 primarily due to contractual increases in base sublease rental revenue and a $0.3 million increase in rental income based on a percentage of franchisees' retail sales, partially offset by the expected progressive decline of $1.3 million in interest income as direct financing leases are repaid. Rental expenses increased $0.1 million in 2018 compared to 2017 primarily because of contractual increases in prime lease expenses offset by a $1.3 million decline in interest expense as capital lease obligations are repaid and a decline in depreciation expense.

Rental revenue declined $1.6 million in 2017 compared to 2016 primarily due to a $1.4 million decrease in rental income based on a percentage of franchisees' retail sales and the expected progressive decline of $1.2 million in interest income as direct financing leases are repaid. These unfavorable items were partially offset by contractual increases in base sublease rental revenue. Rental expenses decreased $0.9 million in 2017 compared to 2016 primarily because of a $1.3 million decline in interest expense as capital lease obligations are repaid and a decline in depreciation expense, partially offset by contractual increases in prime lease expenses.

Financing Operations	**2018**	***Favorable (Unfavorable) Variance***	**2017**	***Favorable (Unfavorable) Variance***	**2016**
			(In millions)		
Financing revenues	$ 8.0	*$ (0.4)*	$ 8.4	*$ (0.8)*	$ 9.2
Financing expenses	0.6	*0.0*	0.6	*(0.4)*	0.2
Financing operations segment profit	$ 7.4	*$ (0.4)*	$ 7.8	*$ (1.2)*	$ 9.0
Gross profit as % revenue	92.5%		92.8%		98.3%

Financing operations relate primarily to IHOP franchise restaurants that were developed under the Previous IHOP Business Model described under Item 1. - Business. Financing operations revenue primarily consists of interest income from the financing of franchise fees and equipment leases. We also sell equipment associated with IHOP franchise restaurants we have reacquired when those restaurants are subsequently refranchised to a new franchisee. Financing expenses are primarily the cost of the restaurant equipment sold.

Financing revenues decreased $0.4 million in 2018 compared to 2017. IHOP interest income decreased by $0.9 million due to the progressive decline in interest income from the financing of franchise fees and equipment leases as note balances are repaid, partially offset by interest income on Applebee's notes from franchisees. IHOP interest income decreased by $1.2 million between 2017 and 2016 due to the decline in interest revenue as note balances are repaid. The remaining minor variances in financing revenues and expenses are due to changes in sales and cost of sales of equipment associated with reacquired IHOP franchise restaurants subsequently refranchised to new franchisees. Sales of equipment associated with reacquired IHOP restaurants are, by nature, unpredictable and variable in any given year.

Company Operations

	2018	*Favorable (Unfavorable) Variance*	2017	*Favorable (Unfavorable) Variance*	2016
	(In millions, except number of restaurants)				
Effective Company Restaurants:(1)					
Applebee's	3	*3*	—	—	—
IHOP	—	*(5)*	5	*(5)*	10
Company restaurant sales	$ 7.1	*$ (0.4)*	$ 7.5	*$ (9.9)*	$ 17.4
Company restaurant expenses	5.9	*1.9*	7.8	*10.4*	18.2
Company restaurant segment profit (loss)	$ 1.2	*$ 1.5*	$ (0.3)	*$ 0.5*	$ (0.8)
Gross profit (loss) as % revenue	17.1%		(3.6)%		(4.9)%

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(1) Effective Company Restaurants are the weighted average number of company-operated restaurants open in a given fiscal period, adjusted to account for company-operated restaurants open for only a portion of the period.

As discussed above under "Events Impacting Comparability of Financial Information," over the past two years we have entered into transactions impacting the company-operated restaurants of both brands. On December 13, 2018, we acquired 69 Applebee's restaurants in North and South Carolina from a former Applebee's franchisee. In June 2017, we refranchised nine of our ten company-operated IHOP restaurants in the Cincinnati, Ohio market area; the one restaurant not refranchised was closed. The table above reflects our operation of 69 Applebee's restaurants for approximately three weeks in 2018, the operations of 10 IHOP restaurants for approximately six months in 2017 and the operation of 10 IHOP restaurants for 52 weeks in 2016. As a result, comparisons of revenues and expenses between those years are not meaningful and the amount of gross profit or loss generated in any year was not significant.

From time to time, we have operated IHOP restaurants reacquired from franchisees on a temporary basis until those restaurants are refranchised and we may reacquire both IHOP and Applebee's restaurants on a temporary basis in the future. There were no such restaurants under temporary operation at December 31, 2018.

General and Administrative Expenses

2018	*Favorable (Unfavorable) Variance*	2017	*Favorable (Unfavorable) Variance*	2016
		(In millions)		
$ 166.7	*$ (1.0)*	$ 165.7	*$ (16.8)*	$ 148.9

G&A expenses increased $1.0 million in 2018 compared to 2017. Personnel-related costs increased $19.1 million, primarily due to higher costs of stock-based and other incentive compensation, partially offset by a decrease of $8.8 million in costs related to the 2017 executive separation costs discussed above under "Events Impacting Comparability of Financial Information" that did not recur. The net increase of $10.3 million in personnel-related costs was partially offset by a $7.5 million decrease in professional services costs and a $1.4 million decrease in recruiting/relocation costs, as well as smaller decreases in other cost categories. The decrease in professional services costs was due primarily to the increased usage of third-party consultants in 2017 related to Applebee's stabilization initiatives discussed below; similar utilization did not recur in 2018.

G&A expenses increased $16.8 million in 2017 compared to 2016, primarily due to charges of $8.8 million related to the executive separation costs discussed above under "Events Impacting Comparability of Financial Information." Additionally, we incurred $8.6 million of costs related to Applebee's stabilization initiatives, primarily costs of third-party consultants engaged to assess the decline in Applebee's traffic and same-restaurant sales, to provide actionable recommendations to stabilize the decline and to assist with franchisee health initiatives. All other G&A expenses declined $0.6 million, due primarily to a $1.5

million decrease in recruiting and relocation costs, a $1.1 million decrease in professional services and a $1.1 million decrease in conference and travel costs, partially offset by a $3.2 million increase in personnel-related costs. The increase in personnel-related costs was primarily due to salary and benefit costs for open management positions that were filled during 2016, partially offset by lower costs of incentive compensation.

Impairment of Goodwill and Intangible Assets	2018	*Favorable (Unfavorable) Variance*	2017	*Favorable (Unfavorable) Variance*	2016
			(In millions)		
Impairment of goodwill	$ —	*$ 358.2*	$ 358.2	$ —	$ —
Impairment of tradename	—	*173.4*	173.4	—	—
Total	$ —	*$ 531.6*	$ 531.6	$ —	$ —

As discussed above under "Events Impacting Comparability of Financial Information," we recognized an impairment of Applebee's goodwill of $358.2 million and an impairment of Applebee's tradename of $173.4 million in 2017. After the impairments, the balances of goodwill and the tradename intangible asset allocated to the Applebee's franchise unit as of September 30, 2017 were $328.5 million and $479.0 million, respectively. We adopted the guidance in FASB Accounting Standards Update 2017-04 on January 1, 2017; accordingly, the amount of the goodwill impairment was determined as the amount by which the carrying amount of the goodwill exceeded the fair value of the Applebee's franchise reporting unit that was estimated in the quantitative test.

We performed our annual test of goodwill and intangible assets for impairment on a qualitative basis in the fourth quarter of 2018. In performing that analysis we considered, among other things, Applebee's key performance indicators during 2018 and what, if any, impact that performance had on the long-term forecast of future trends in sales, operating expenses, overhead expenses, depreciation, capital expenditures and changes in working capital that had been used in performing a quantitative impairment test in the third quarter of 2017. We also considered the current market price of our common stock, the favorable impact of the Tax Act on future cash flows and the impact these changes would have on an appropriate discount rate. As a result of the qualitative test, we concluded it was not more likely than not that the fair value of the Applebee's franchise reporting unit is less than its carrying amount and therefore, a quantitative test of impairment was not necessary.

Other Income and Expense Items	2018	*Favorable (Unfavorable) Variance*	2017	*Favorable (Unfavorable) Variance*	2016
			(In millions)		
Interest expense	$ 61.7	*$ 0.3*	$ 62.0	*$ (0.5)*	$ 61.5
Amortization of intangible assets	10.1	*(0.1)*	10.0	*(0.0)*	10.0
Closure and other impairment charges	2.1	*1.9*	4.0	*1.1*	5.1
Debt refinancing costs	2.5	*(2.5)*	—	—	—
(Gain) loss on disposition of assets	(0.6)	*(5.7)*	(6.3)	*7.1*	0.8
Total	$ 75.8	*$ (6.1)*	$ 69.7	*$ 7.7*	$ 77.4

Interest Expense

Interest expense has been substantially consistent for each of the past three years.

Amortization of Intangible Assets

Amortization of intangible assets primarily relates to franchising rights arising from the November 2007 acquisition of Applebee's and has been substantially consistent for each of the past three years. See Note 7 - Other Intangible Assets, of the Notes to the Consolidated Financial Statements for additional information.

Closure and Other Impairment Charges	2018	Favorable (Unfavorable) Variance	2017	Favorable (Unfavorable) Variance	2016
			(In millions)		
Closure charges	$ 2.0	*$ 1.9*	$ 3.9	*(2.7)*	$ 1.2
Kansas City lease exit costs	—	*—*	—	*2.9*	2.9
Long-lived tangible asset impairments	0.1	*—*	0.1	*0.9*	1.0
Total closure and impairment charges	$ 2.1	*$ 1.9*	$ 4.0	*$ 1.1*	$ 5.1

Closure Charges

Approximately $1.8 million of closure charges for the year ended December 31, 2018 related to one IHOP company-operated restaurant closed during 2018, with the remainder primarily related to adjustments to the estimated reserve for IHOP and Applebee's restaurants closed prior to 2018. Approximately $2.2 million of closure charges for the year ended December 31, 2017 related to one IHOP company-operated restaurant closed during 2017, with the remainder primarily related to adjustments to the estimated reserve for IHOP and Applebee's restaurants closed prior to 2017. Approximately $0.7 million of closure charges for the year ended December 31, 2016 related to one IHOP franchise restaurant and one Applebee's restaurant closed during 2016, with the remainder related to adjustments to the estimated reserve for IHOP and Applebee's restaurants closed prior to 2016.

Kansas City Lease Exit Costs

The Company incurred costs of $2.9 million during the year ended December 31, 2016 to exit a facility in connection with the consolidation of the Applebee's Kansas City restaurant support center. Of that total, $2.5 million related to the termination of our involvement in a lease covering two floors of the facility and $0.4 million was accrued as the present value of future lease payments, net of assumed sublease rentals, of a portion of one floor of the facility.

Long-lived Tangible Asset Impairments

Long-lived tangible asset impairment charges for the year ended December 31, 2018 and 2017 were insignificant. Long-lived tangible asset impairment charges for the year ended December 31, 2016 comprised a charge of $0.6 million for one IHOP company-operated restaurant and charges totaling $0.4 million of individually insignificant charges at eight IHOP company-operated restaurants. The Company evaluated the causal factors of all impairments of long-lived assets as they were recorded in each year and concluded they were based on factors specific to each asset and not potential indicators of an impairment of other long-lived assets.

Debt Refinancing Costs

During the year ended December 31, 2018, we explored opportunities related to possible refinancing of our long-term debt. As discussed in additional detail under “Liquidity and Capital Resources,” on September 5, 2018, certain subsidiaries of the Company entered into a financing facility that allows for drawings of up to $225 million of variable funding notes on a revolving basis and the issuance of letters of credit (the “2018 Variable Funding Notes”). In connection with the 2018 Variable Funding Notes, on September 5, 2018, we repaid $20 million, representing the entire outstanding principal amount of our $100 million revolving financing facility under certain Series 2014-1 Class A-1 Notes (the “2014 Class A-1 Notes”) and terminated the corresponding Class A-1 Note Purchase Agreement, dated September 30, 2014 (the “2014 Note Purchase Agreement”). In connection with the termination of the 2014 Note Purchase Agreement, we recognized as expense $0.9 million of remaining unamortized issuance costs associated with the 2014 Class A-1 Notes.

We incurred $1.6 million of costs in evaluating options with respect to refinancing our current securitization debt. After completing the evaluation, we did not consummate a refinancing transaction and the entire $1.6 million was charged to expense during the year ended December 31, 2018.

The combined total related to these transactions of $2.5 million is reported as “Debt refinancing costs” in the Consolidated Statements of Comprehensive Income (Loss) for the year ended December 31, 2018.

(Gain) Loss on Disposition of Assets

There were no individually significant transactions in 2018. In June 2017, we completed the refranchising and sale of related restaurant assets of nine company-operated IHOP restaurants in the Cincinnati, Ohio market area. As part of the transaction, we entered into an asset purchase agreement, nine franchise agreements and nine sublease agreements for land and buildings. The Company compared the stated rent under the sublease agreements with comparable market rents and recorded net favorable lease assets of $2.3 million related to the transaction. The Company also received cash of $1.1 million and a note receivable for $4.8 million. After allocating a portion of the consideration to franchise fees and derecognition of the assets sold, we recognized a gain of $6.3 million on the refranchising and sale of the nine restaurants. There were no individually significant transactions in 2016.

Income Tax Benefit (Provision)	**2018**	***Favorable (Unfavorable) Variance***	**2017**	***Favorable (Unfavorable) Variance***	**2016**
			(In millions)		
Income tax (provision) benefit	$ (30.2)	*$ (115.8)*	$ 85.6	*$ 142.4*	$ (56.8)
Effective tax rate	27.4%	*(7.4)%*	20.0%	*16.0%*	36.0%

The income tax provision will vary from period to period for two primary reasons: a change in pretax book income and a change in the effective tax rate. Changes in our pretax book income between 2018 and 2017 and between 2017 and 2016 are addressed in the preceding sections of "Results of Operations - Fiscal 2018, 2017 and 2016."

On December 22, 2017, the President of the United States of America signed into law the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act contains significant changes to corporate taxes, including a permanent reduction of the corporate tax rate from 35% to 21% effective January 1, 2018. The reduction in the corporate rate requires a one-time revaluation of certain tax-related assets and liabilities. As a result of the revaluation of our deferred tax assets and liabilities at December 31, 2017, we recorded a one-time tax benefit of approximately $66.5 million. We have completed analyzing the Tax Act and refined our calculations as December 31, 2018.

The 2018 effective tax rate of 27.4% applied to pretax book income was higher than the statutory Federal tax rate of 21% primarily due to unrecognized tax benefits related to IRS audit and state and local income taxes, offset by applying a lower state tax rate to the deferred tax balances.

The 2017 effective tax rate of 20.0% applied to pretax book loss was lower than the statutory Federal tax rate of 35% primarily due to the non-deductibility of the impairment of Applebee's goodwill for federal income tax purposes, which partially offsets the income tax benefit resulted from the revaluation of our deferred taxes at the federal tax rate of 21% in accordance with the Tax Act. See Note 16 - Income Taxes, of the Notes to Consolidated Financial Statements for additional information on differences between our effective tax rate and the statutory Federal tax rate.

The 2016 effective tax rate of 36.0% applied to pretax book income was higher than the statutory Federal tax rate of 35% primarily due to state and local income taxes, offset by applying a lower state tax rate to the deferred tax balances.

As of each reporting date, we consider new evidence, both positive and negative, that could impact our view with regards to future realization of deferred tax assets. As of December 31, 2018, management determined that it is more likely than not that the benefit from foreign tax credit carryforward will not be realized. In recognition of this risk, management provided a valuation allowance of $0.4 million on the deferred tax assets related to the foreign tax credit carryforward.

Liquidity and Capital Resources of the Company

Long-Term Debt

On September 30, 2014, Applebee's Funding LLC and IHOP Funding LLC (each a "Co-Issuer"), each a special purpose, wholly-owned indirect subsidiary of the Company, issued $1.3 billion of Series 2014-1 4.277% Fixed Rate Senior Notes, Class A-2 (the "Class A-2 Notes") in an offering exempt from registration under the Securities Act. The Co-Issuers also entered into a revolving financing facility of Series 2014-1 Variable Funding Senior Notes Class A-1 (the "2014 Variable Funding Notes"), which allowed for drawings of up to $100 million of 2014 Variable Funding Notes and the issuance of letters of credit. The Class A-2 Notes and the 2014 Variable Funding Notes are referred to collectively as the "Notes." The Notes were issued in a securitization transaction pursuant to which substantially all our domestic revenue-generating assets and our domestic intellectual property, are held by the Co-Issuers and certain other special-purpose, wholly-owned indirect subsidiaries of the Company (the "Guarantors") that act as guarantors of the Notes and that have pledged substantially all their assets to secure the Notes.

Class A-2 Notes

The Notes were issued under a Base Indenture, dated September 30, 2014 (the "Base Indenture") and the related Series 2014-1 Supplement to the Base Indenture, dated September 30, 2014 (the "Series 2014-1 Supplement"), among the Co-Issuers and Citibank, N.A., as the trustee (in such capacity, the "Trustee") and securities intermediary. The Base Indenture and the Series 2014-1 Supplement (collectively, the "Indenture") will allow the Co-Issuers to issue additional series of notes in the future subject to certain conditions set forth therein.

While the Notes are outstanding, payment of principal and interest is required to be made on the Class A-2 Notes on a quarterly basis. The quarterly principal payment of $3.25 million on the Class A-2 Notes may be suspended when the leverage ratio for the Company and its subsidiaries is less than or equal to 5.25x. In general, the leverage ratio is our indebtedness divided by adjusted EBITDA for the four preceding quarterly periods. The complete definitions of all calculation elements of the leverage ratio are contained in the Base Indenture filed as Exhibit 4.1 to our Form 8-K filed with the SEC on October 3, 2014 ("Base Indenture"). Exceeding the leverage ratio of 5.25x does not violate any covenant related to the Notes. As of December 31, 2018, our leverage ratio was 4.90x. We made four principal payments of $3.25 million each during 2018; we do not anticipate we will be required to make any principal payments during 2019.

The legal final maturity of the Class A-2 Notes is in September 2044, but it is anticipated that, unless earlier prepaid to the extent permitted under the Indenture, the Class A-2 Notes will be repaid in September 2021 (the "Class A-2 Anticipated Repayment Date"). If the Co-Issuers have not repaid or refinanced the Class A-2 Notes prior to the Class A-2 Anticipated Repayment Date, the interest rate on the Class A-2 Notes will increase significantly. Specifically, additional interest will accrue on the Class A-2 Notes equal to the greater of (i) 5.00% per annum and (ii) a per annum interest rate equal to the amount, if any, by which the sum of the following exceeds the Class A-2 Note interest rate: (A) the yield to maturity (adjusted to a quarterly bond-equivalent basis) on the Class A-2 Anticipated Repayment Date of the United States Treasury Security having a term closest to 10 years plus (B) 5.00% plus (C) 2.150%. Additionally, the Company's cash flow would become subject to a rapid amortization event as described below under "Covenants and Restrictions."

The Notes are secured by the collateral described below under "Guarantees and Collateral."

Variable Funding Notes

In connection with the issuance of the Class A-2 Notes, the Co-Issuers entered into a revolving financing facility that allowed for the drawings of up to $100 million of 2014 Variable Funding Notes and the issuance of letters of credit. The 2014 Variable Funding Notes were issued under the Indenture and allowed for drawings on a revolving basis. On September 5, 2018 (the "Closing Date"), the Co-Issuers entered into a financing facility that allows for drawings of up to $225 million of variable funding notes on a revolving basis and the issuance of letters of credit (the "2018 Variable Funding Notes"). The 2018 Variable Funding Notes were issued under the Base Indenture and the Series 2018-1 Supplement to the Base Indenture, dated September 5, 2018, among the Co-Issuers and Citibank, N.A., as Trustee and the 2018-1 Securities Intermediary ("Series 2018-1 Supplement"). In connection therewith, the Company terminated the corresponding Class A-1 Note Purchase Agreement.

Drawings and certain additional terms related to the 2018 Variable Funding Notes are governed by the Class A-1 Note Purchase Agreement, dated September 5, 2018, among the Co-Issuers, certain special-purpose, wholly-owned indirect subsidiaries of the Company, each as a Guarantor, the Corporation, as manager, certain conduit investors, financial institutions and funding agents, and Barclays Bank PLC, as provider of letters credit, swingline lender and administrative agent (the "2018 Purchase Agreement").

The 2018 Variable Funding Notes will be governed, in part, by the 2018 Purchase Agreement and by certain generally applicable terms contained in the Base Indenture and the Series 2018-1 Supplement. The applicable interest rate under the 2018 Variable Funding Notes depends on the type of borrowing by the Co-Issuers. The applicable interest rate for advances is generally calculated at a per annum rate equal to the commercial paper funding rate or one-, two-, three- or six-month Eurodollar Funding Rate, in either case, plus 2.15%. There is an upfront fee of 1% and a fee of 50 basis points on any unused portion of the 2018 Variable Funding Notes facility. The applicable interest rate for swingline advances and unreimbursed draws on outstanding letters of credit is a per annum base rate equal to the sum of (a) 1.15% plus (b) the greater of (i) the Prime Rate in effect from time to time, (ii) the Federal Funds Rate in effect from time to time plus 0.50% and (iii) the one-month Eurodollar Funding Rate plus 1.00%. Undrawn face amounts of outstanding letters of credit that are not cash collateralized accrue a fee of 2.15% per annum. It is anticipated that the principal and interest on the 2018 Variable Funding Notes will be repaid in full on or prior to September 7, 2021 (the "Anticipated Repayment Date"), subject to four additional one-year extensions at the option of the Company upon the satisfaction of certain conditions. The 2018 Variable Funding Notes and other credit instruments issued under the 2018 Purchase Agreement are secured by the collateral described in the Base Indenture and the Guarantee and Collateral Agreement, dated September 30, 2014, by certain special-purpose, wholly-owned indirect subsidiaries of the Company, each as a Guarantor, in favor of Citibank, N.A., as Trustee (the "Guarantee and Collateral Agreement").

In connection with the above transaction, the Company also amended and restated the Management Agreement, dated September 30, 2014 (the "Management Agreement"), among the Co-Issuers, other securitization entities party thereto from time to time, the Company, Applebee's Services, Inc. and International House of Pancakes, LLC as Sub-managers and Citibank, N.A., as Trustee, to revise the calculation of the weekly management fee and to make certain other revisions. The Company also amended the Base Indenture to, among other things, make certain administrative and definitional updates.

Prior to the termination of the 2014 Purchase Agreement referenced above, during fiscal 2018 we borrowed and repaid a total of $30.0 million in 2014 Variable Funding Notes, inclusive of $20.0 million repaid September 5, 2018 representing the entire then-outstanding principal amount of the 2014 Variable Funding Notes. The maximum amount of 2014 Variable Funding Notes outstanding during the year ended December 31, 2018 was $30.0 million and the weighted average interest rate on 2014 Variable Funding Notes outstanding during the year ended December 31, 2018 was 4.5%.

During the year ended December 31, 2018 we borrowed $45.0 million in 2018 Variable Notes and repaid $20.0 million, leaving $25.0 million outstanding at December 31, 2018. The maximum amount of 2018 Variable Funding Notes outstanding during the year ended December 31, 2018 was $25.0 million and the weighted average interest rate on the 2018 Variable Funding Notes for the period outstanding was 4.93%. Additionally, at December 31, 2018, $3.1 million was pledged against the 2018 Variable Funding Notes for outstanding letters of credit, leaving $196.9 million of 2018 Variable Funding Notes available for borrowings. The letters of credit are used primarily to satisfy insurance-related collateral requirements.

We incurred costs of approximately $3.6 million in connection with the establishment of the 2018 Variable Funding Notes facility. These debt issuance costs are being amortized using the effective interest method over the estimated three-year life of the 2018 Variable Funding Notes. Unamortized debt issuance costs of $3.3 million are reported as other long-term assets in the Consolidated Balance Sheets at December 31, 2018.

In connection with the termination referenced above of the 2014 Purchase Agreement, we recognized as expense $0.9 million of unamortized debt issuance costs associated with the 2014 Variable Funding Notes. In addition, we incurred costs of $1.6 million associated with the evaluation of various alternatives for refinancing our securitized indebtedness that were also charged to expense. These costs totaling $2.5 million are reported as "Debt refinancing costs" in the Consolidated Statements of Comprehensive Income (Loss).

Guarantees and Collateral

Under the Guarantee and Collateral Agreement, the Guarantors guarantee the obligations of the Co-Issuers under the Indenture and related documents and secure the guarantee by granting a security interest in substantially all their assets.

The Notes are secured by a security interest in substantially all the assets of the Co-Issuers and the Guarantors (collectively, the "Securitization Entities"). As of September 30, 2014, these assets (the "Securitized Assets") generally included substantially all the domestic revenue-generating assets of the Company and its subsidiaries, which principally consist of franchise agreements, area license agreements, development agreements, franchisee fee notes, equipment leases, agreements related to the production and sale of pancake and waffle dry-mixes, owned and leased real property and intellectual property.

The Notes are obligations only of the Co-Issuers pursuant to the Indenture and are unconditionally and irrevocably guaranteed by the Guarantors pursuant to the Guarantee and Collateral Agreement. Except as described below, neither we nor any of our subsidiaries, other than the Securitization Entities, guarantee or in any way are liable for the obligations of the Co-Issuers under the Indenture or the Notes.

Covenants and Restrictions

The Notes are subject to a series of covenants and restrictions customary for transactions of this type, including (i) that the Co-Issuers maintain specified reserve accounts to be used to make required payments in respect of the Notes, (ii) provisions relating to optional and mandatory prepayments, and the related payment of specified amounts, including specified make-whole payments in the case of the Class A-2 Notes under certain circumstances, (iii) certain indemnification payments in the event, among other things, the transfers of the assets pledged as collateral for the Notes are in stated ways defective or ineffective and (iv) covenants relating to recordkeeping, access to information and similar matters. The Notes are also subject to customary rapid amortization events provided for in the Indenture, including events tied to failure of the Securitization Entities to maintain the stated debt service coverage ("DSCR") ratio, the trailing-twelve-month sum of domestic retail sales for all restaurants being below $3.5 billion on quarterly measurement dates, certain manager termination events, certain events of default and the failure to repay or refinance the Notes on the Class A-2 Anticipated Repayment Date. The Notes are also subject to certain customary events of default, including events relating to non-payment of required interest, principal or other amounts due on or with respect to the Notes, failure of the Securitization Entities to maintain the stated debt service coverage ratio, failure to comply with covenants within certain time frames, certain bankruptcy events, breaches of specified representations and warranties and certain judgments.

The DSCR ratio is Net Cash Flow for the four quarters preceding the calculation date divided by the total debt service payments of the preceding four quarters. The complete definitions of the DSCR and all calculation elements are contained in the Base Indenture. Failure to maintain a prescribed DSCR ratio can trigger a Cash Trapping Event, A Rapid Amortization Event, a Manager Termination Event or a Default Event as described below. In a Cash Trapping Event, the Trustee is required to retain a certain percentage of cash flow in a restricted account. In a Rapid Amortization Event, all excess Cash Flow is retained and used to retire principal amounts of debt. Key DSCR ratios are as follows:

- DSCR less than 1.75x but equal to or greater than 1.50x - Cash Trapping Event, 50% of Net Cash Flow
- DSCR less than 1.50x - Cash Trapping Event, 100% of Net Cash Flow
- DSCR less than 1.30x - Rapid Amortization Event
- DSCR less than 1.20x - Manager Termination Event
- DSCR less than 1.10x - Default Event

Our DSCR for the reporting period ended December 31, 2018 was 4.58x.

Based on our current level of operations, we believe that our cash flow from operations, available cash and available borrowings under our 2018 Variable Funding Notes will be adequate to meet our liquidity needs during 2019.

We will be required to adopt new guidance with respect to accounting for leases beginning with the first fiscal quarter of 2019. Upon implementation of the guidance, lease-related liabilities will be recognized at the present value of the remaining contractual fixed lease payments, discounted using the Company's incremental borrowing rate. Lease-related assets, or right-of-use assets, will be recognized at an amount equal to the respective lease liabilities, adjusted for accrued lease payments, lease incentives and impairment due shortfall of projected amounts to be received compared to projected amounts to be paid in lease/sublease agreements. The Company expects adoption of the standard will have the impact of increasing its consolidated assets and liabilities by approximately $400 million. We do not believe there will be a material impact on out Consolidated Statements of Comprehensive Income (Loss) or Consolidated Statements of Cash Flows. Recognition of a lease liability related to operating leases will not impact any covenants related to our long-term debt because our debt agreements specify that covenant ratios be calculated using U.S. GAAP in effect at the time the debt agreements were entered.

Cash Flows

	2018	*Favorable (Unfavorable) Variance*	2017	*Favorable (Unfavorable) Variance*	2016
			(In millions)		
Net cash provided by operating activities	$ 140.3	*$ 74.6*	$ 65.7	*$ (52.4)*	$ 118.1
Net cash (used in) provided by investing activities	(14.8)	*(22.5)*	7.7	*(4.8)*	12.5
Net cash used in financing activities	(88.3)	*7.5*	(95.8)	*41.4*	(137.2)
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 37.2	*$ 59.6*	$ (22.4)	*$ (15.8)*	$ (6.6)

Operating Activities

Cash provided by operating activities is primarily driven by revenues earned and collected from our franchisees, and profit from our rental operations and financing operations. Franchise revenues primarily consist of royalties, advertising and franchise fees from Applebee's and IHOP franchised restaurants and sales of proprietary products by IHOP, each of which fluctuates with increases or decreases in franchise retail sales. Franchise retail sales are impacted by the development of IHOP and Applebee's restaurants by our franchisees and by fluctuations in same-restaurant sales. Rental operations profit is rental income less rental expenses. Rental income includes revenues from operating leases and interest income from direct financing leases. Rental income is impacted by fluctuations in same-restaurant sales as some operating leases include a provision for contingent rent based on retail sales and by a progressive decline in rental income as leases expire. Rental expenses are costs of prime operating leases and interest expense on prime capital leases on franchisee-operated restaurants. Interest expense on prime capital leases also declines progressively as lease obligations are repaid. Financing operations revenue consists of interest income from the financing of franchise fees and equipment leases as well as periodic sales of restaurant equipment. Financing income is impacted by a progressive decline in interest revenue as the obligations financed are repaid. Financing expenses are primarily the cost of restaurant equipment.

Cash provided by operating activities increased $74.6 million in 2018 compared to 2017. Our net income plus the non-cash reconciling items shown in our statements of cash flows (primarily impairment charges, depreciation, deferred taxes and stock-based compensation) increased $25.8 million from 2017. This change was primarily due to an increase in gross profit and a lower corporate tax rate. Additionally, net changes in working capital provided cash of $30.4 million during 2018 compared to using cash of $18.4 million during 2017. This favorable change of $48.8 million between years primarily resulted from the timing of prepaid rent (a favorable change between years of approximately $16 million), the change in net income tax receivables (favorable $16 million), the increased accrual of incentive compensation to be paid in 2019 (favorable $14 million) and a favorable change in accounts receivable of $12 million due to improved collections from Applebee's franchisees. These favorable changes were partially offset by a $17 million unfavorable change between years in accounts payable, primarily due to the timing of payments for marketing accruals.

Cash provided by operating activities decreased $52.4 million in 2017 compared to 2016. Our net income plus the non-cash reconciling items shown in our statements of cash flows (primarily impairment charges, depreciation, deferred taxes and stock-based compensation) decreased $45.8 million from 2016. This decrease was primarily due to a decline in gross profit from Applebee's franchise operations and the increase in G&A expenses discussed in preceding sections of the MD&A. Additionally, net changes in working capital used cash of $18.4 million during 2017 compared to using cash of $11.8 million during 2016. This unfavorable change of $6.6 million primarily resulted from an increase in accounts receivable of $12 million, an increase in current tax assets and liabilities of $8 million and the prepayment of approximately $8 million in rent, partially offset by a decrease in payments of incentive compensation (smaller payments in the first quarter of 2017 for 2016 bonuses compared to first quarter 2016 payments for 2015 bonuses). The increase in accounts receivable was due in part slow payment of receivables by certain Applebee's franchisees.

Investing Activities

Net cash used in investing activities in 2018 was primarily attributable to our acquisition of 69 Applebee's restaurants for $20.2 million (See Note 18 - Acquisition of Business, of the Notes to Consolidated Financial Statements), capital expenditures of $14.3 million and loans to franchisees of $6.5 million. These investing outflows were partially offset by $25.8 million of principal receipts from notes, equipment contracts and other long-term receivables.

Net cash provided by investing activities in 2017 was primarily attributable to $20.5 million of principal receipts from notes, equipment contracts and other long-term receivables partially offset by $13.3 million of capital expenditures. The increase in capital expenditures compared to 2016 was primarily due to spending in information technology infrastructure projects.

The following table represents the timing of principal receipts on various long-term receivables due from our franchisees as of December 31, 2018:

	Principal Receipts Due By Period						
	2019	2020	2021	2022	2023	Thereafter	Total
	(In millions)						
Equipment leases[1]	$ 8.5	$ 9.0	$ 8.9	$ 8.6	$ 8.1	$ 22.7	$ 65.8
Direct financing leases[2]	11.2	11.2	9.6	7.2	3.1	2.6	44.9
Other notes[3]	4.8	5.2	4.4	4.1	3.9	6.6	29.0
Total	$ 24.5	$ 25.4	$ 22.9	$ 19.9	$ 15.1	$ 31.9	$ 139.7

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(1) Equipment lease receivables extend through the year 2029.

(2) Direct financing lease receivables extend through the year 2036.

(3) Other notes receivable extend through the year 2028.

Financing Activities

Financing activities used net cash of $88.3 million during 2018. The primary uses of cash in financing activities consisted of cash dividends paid to stockholders totaling $51.1 million, repurchases of our common stock totaling $33.6 million repayments of capital lease obligations of $13.9 million, repayment of long-term debt of $13.0 million and payment of issuance costs of the 2018 Variable Funding Notes of $3.6 million. These outflows were partially offset by net borrowings under revolving credit facilities of $25.0 million and a net cash inflow of $2.0 million related to equity awards. As discussed above under “Class A-2 Notes,” we must make a principal payment on long-term debt of $3.25 million each quarter if our leverage ratio is greater than 5.25x. We do not anticipate we will be required to make any such payments in 2019.

Financing activities used net cash of $95.8 million during 2017. The primary uses of cash in financing activities consisted of cash dividends paid to stockholders totaling $69.8 million, repayments of capital lease and financing obligations of $12.9 million, repurchases of our common stock totaling $10.0 million and a repayment of long-term debt of $3.25 million. There was a net cash inflow of $0.2 million related to equity awards.

Adjusted Free Cash Flow

We define “adjusted free cash flow” for a given period as cash provided by operating activities, plus receipts from notes and equipment contract receivables, less additions to property and equipment. Management uses this liquidity measure in its periodic assessments of, among other things, the amount of cash dividends per share of common stock and repurchases of common stock and we believe it is important for investors to have the same measure used by management for that purpose. Adjusted free cash flow does not represent residual cash flow available for discretionary purposes.

Adjusted free cash flow is a non-U.S. GAAP measure. This non-U.S. GAAP measure is not defined in the same manner by all companies and may not be comparable to other similarly titled measures of other companies. Non-U.S. GAAP measures should be considered in addition to, and not as a substitute for, the U.S. GAAP information contained within our financial statements. Reconciliation of the cash provided by operating activities to adjusted free cash flow is as follows:

	2018	*Favorable (Unfavorable) Variance*	2017	*Favorable (Unfavorable) Variance*	2016
	(In millions)				
Cash flows provided by operating activities	$ 140.3	*$ 74.6*	$ 65.7	*$ (52.4)*	$ 118.1
Net receipts from notes and equipment receivables	14.9	*4.3*	10.6	*0.6*	10.0
Additions to property and equipment	(14.3)	*(1.0)*	(13.3)	*(7.7)*	(5.6)
Adjusted free cash flow	$ 140.9	*$ 77.9*	$ 63.0	*$ (59.5)*	$ 122.5

The increase in adjusted free cash flow in 2018 compared to 2017 was primarily due to the increase in cash provided by operating activities discussed above and the balloon payoff of one equipment contract receivable. The decrease in adjusted free cash flow in 2017 compared to 2016 was primarily due to the decrease in cash provided by operating activities discussed above and an increase in capital expenditures.

At December 31, 2018, our cash and cash equivalents totaled $137.2 million, including $52.2 million of cash held for gift card programs and IHOP advertising funds.

Capital Allocation

Dividends

During the fiscal years ended December 31, 2018, 2017 and 2016, we declared and paid dividends on common stock as shown in Note 12 - Stockholders' Deficit, of the Notes to the Consolidated Financial Statements included in this report.

On February 20, 2019, our Board of Directors approved payment of a cash dividend of $0.69 per share of common stock, payable at the close of business on April 5, 2019 to the stockholders of record as of the close of business on March 20, 2019.

Share Repurchases

In October 2015, the Company's Board of Directors approved a stock repurchase program authorizing the Company to repurchase up to $150 million of the Company's common stock (the "2015 Repurchase Program") on an opportunistic basis from time to time in open market transactions and in privately negotiated transactions based on business, market, applicable legal requirements and other considerations. The 2015 Repurchase Program, as approved by the Board of Directors, does not require the repurchase of a specific number of shares and can be terminated at any time. In February 2019, the Company's Board of Directors approved a stock repurchase program authorizing the Company to repurchase up to $200 million of the Company's common stock ("2019 Repurchase Program") on an opportunistic basis from time to time in the open market or in privately negotiated transactions based on business, market, applicable legal requirements and other considerations. The 2019 Repurchase Program, as approved by the Board of Directors, does not require the repurchase of a specific number of shares and can be terminated at any time. In connection with the approval of the 2019 Repurchase Program, the Board of Directors terminated the prior repurchase program approved in October 2015 which had authorized the Company to repurchase up to $150 million of the Company's common stock.

A summary of shares repurchased under the 2015 Repurchase Program, during the year ended December 31, 2018 and cumulatively, is as follows:

2015 Repurchase Program	**Shares**	**Cost of shares**
		(In millions)
Repurchased during the year ended December 31, 2018	478,839	$ 34.9
Cumulative repurchases as of December 31, 2018	1,479,496	$ 117.8
Remaining dollar value of shares that may be repurchased	n/a	$ 32.2

We evaluate dividend payments on common stock and repurchases of common stock within the context of our overall capital allocation strategy with our Board of Directors on an ongoing basis, giving consideration to our current and forecast earnings, financial condition, cash requirements and other factors. There can be no assurance that we will continue to pay such dividends or the amount of such dividends.

From time to time, we also repurchase shares owned and tendered by employees to satisfy tax withholding obligations on the vesting of restricted stock awards. Shares are deemed purchased at the closing price of our common stock on the vesting date. See Part II, Item 5 for detail on all share repurchase activity during the fourth quarter of 2018.

Off-Balance Sheet Arrangements

We have obligations for guarantees on certain franchisee lease agreements, as disclosed below in "Contractual Obligations and Commitments" and Note 11 - Commitments and Contingencies, of the Notes to Consolidated Financial Statements. Other than such guarantees, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4) of SEC Regulation S-K as of December 31, 2018.

Contractual Obligations and Commitments

The following are our significant contractual obligations and commitments as of December 31, 2018:

Contractual Obligations	Payments Due By Period 1 Year	2 - 3 Years	4 - 5 Years	More than 5 Years	Total
			(In millions)		
Debt[1]	$ 79.9	$ 1,379.8	$ —	$ —	$ 1,459.7
Operating leases	91.2	168.4	122.8	210.6	593.0
Capital leases[1]	21.0	35.4	25.9	63.5	145.8
Financing obligations[1]	5.1	10.7	10.1	50.4	76.3
Purchase commitments	171.2	0.1	—	—	171.3
Unrecognized income tax benefits[2]	1.0	—	—	4.2	5.2
Total minimum payments	369.4	1,594.4	158.8	328.7	2,451.3
Less interest	(66.7)	(116.4)	(15.2)	(30.2)	(228.5)
Total	$ 302.7	$ 1,478.0	$ 143.6	$ 298.5	$ 2,222.8

(1) Includes interest calculated on balances as of December 31, 2018 using interest rates in effect as of December 31, 2018.

(2) While up to $1.0 million is expected to be paid within one year, there is no contractual obligation to do so. For the remaining liability, due to the uncertainties related to these tax matters, we are unable to make a reasonably reliable estimate when a cash settlement with a taxing authority will occur.

Commitments	Expiration By Period 1 Year	2 - 3 Years	4 - 5 Years	More than 5 Years	Total
			(In millions)		
Lease guarantees[3]	$ 16.7	$ 31.3	$ 29.2	$ 207.1	$ 284.3
Letters of credit[4]	3.1	—	—	—	3.1
Food purchases[5]	8.4	—	—	—	8.4
Total	$ 28.2	$ 31.3	$ 29.2	$ 207.1	$ 295.8

(3) This amount represents the maximum potential liability for future payment guarantees under leases that have been assigned to third-party buyers of Applebee's company-operated restaurants and expire at the end of the respective lease terms, which range from 2018 through 2048. See Note 11 - Commitments and Contingencies, of the Notes to Consolidated Financial Statements for additional information.

(4) Primarily used to satisfy insurance-related collateral requirements. These letters of credit expire annually, but are typically renewed in the same amount each year unless collateral requirements change.

(5) In some instances, IHOP and Applebee's may be required to guarantee their purchase of any remaining inventory of certain food and other items purchased by CSCS.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with GAAP. Our significant accounting policies are comprehensively described in Note 2 - Basis of Presentation and Significant Accounting Policies, of the Notes to the Consolidated Financial Statements. We believe the accounting policies discussed below are particularly important to the understanding of our consolidated financial statements and require higher degree of judgment and/or complexity in the preparation of those consolidated financial statements. In exercising those judgments, we make estimates and assumptions that affect the carrying values of assets and liabilities at the date of the financial statements and the reported amounts of net revenues and expenses in the reporting periods covered by the financial statements. On an ongoing basis, we evaluate our estimates based on historical experience, current conditions and various other assumptions that we believe to be reasonable under the circumstances. We adjust such estimates and assumptions when facts and circumstances dictate. Accounting assumptions and estimates are inherently uncertain and actual results may differ materially from our estimates. Changes in estimates and judgments could significantly affect our results of operations, financial condition and cash flow in the future.

Revenue Recognition

We recognize revenue from our franchise and company-operated restaurants in accordance with Accounting Standards Codification 606 - Revenue from Contracts with Customers ("ASC 606"). Under ASC 606, revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration we expect to receive for those services or goods. Our rental and financing revenues are recognized in accordance with other U.S. GAAP accounting standards and are not subject to ASC 606.

In determining the amount and timing of revenue from contracts with customers, we make judgments as to whether uncertainty as to collectibility of the consideration that we are owed precludes recognition of the revenue on an accrual basis.

These judgments are based on the facts specific to each circumstance. Primary factors considered include past payment history and our subjective assessment of the likelihood of receiving payment in the future. The timing of recognition does not require significant judgment as it is based on either the term of the franchise agreement, the month of reported sales by the franchisee or the date of product shipment, none of which require estimation.

Significant judgments with respect to rental revenues are discussed below under *Leases*. We do not have to make significant judgments with respect to revenues from our company-operated restaurants or our financing operations.

Goodwill and Intangible Assets

Goodwill and intangible assets considered to have an indefinite life (primarily the Applebee's tradename) are evaluated throughout the year to determine if indicators of impairment exist. Such indicators include, but are not limited to, events or circumstances such as a significant adverse change in our business, in the business overall climate, unanticipated competition, a loss of key personnel, adverse legal or regulatory developments or a significant decline in the market price of our common stock.

If no indicators of impairment have been noted during these preliminary assessments, we perform an assessment of goodwill and intangible assets annually in the fourth fiscal quarter. We first assess qualitatively whether it is more-likely-than-not that an impairment does not exist. Significant factors considered in this assessment include, but are not limited to, macro-economic conditions, market and industry conditions, cost considerations, the competitive environment, share price fluctuations, overall financial performance and results of past impairment tests. If we do not qualitatively determine that it is more-likely-than-not that an impairment does not exist, we perform a quantitative impairment test.

In performing a quantitative test for impairment of goodwill, we primarily use the income approach method of valuation that includes the discounted cash flow method and the market approach that includes the guideline public company method to determine the fair value of goodwill and intangible assets. Significant assumptions made by management in estimating fair value under the discounted cash flow model include future trends in sales, operating expenses, overhead expenses, depreciation, capital expenditures and changes in working capital, along with an appropriate discount rate based on our estimated cost of equity capital and after-tax cost of debt. Significant assumptions used to determine fair value under the guideline public company method include the selection of guideline companies and the valuation multiples applied.

In the process of a quantitative test, if necessary, of the Applebee's tradename intangible asset, we primarily use the relief of royalty method under the income approach method of valuation. Significant assumptions used to determine fair value under the relief of royalty method include future trends in sales, a royalty rate and a discount rate to be applied to the forecast revenue stream.

There is an inherent degree of uncertainty in preparing any forecast of future results. Future trends in system-wide sales are dependent to a significant extent on national, regional and local economic conditions, and, to a lesser extent, on global economic conditions, particularly those conditions affecting the demographics of the guests that frequently patronize Applebee's restaurants. Accordingly, there are a number of potential events that could reasonably be expected to negatively affect the forecast of system-wide sales, including a decrease in customers' disposable income available for discretionary spending (because of circumstances such as job losses, credit constraints, higher housing costs, increased tax rates, energy costs, interest rates or other costs) or a decrease in the perceived wealth of customers (because of circumstances such as lower residential real estate values, increased foreclosure rates, increased tax rates or other economic disruptions). As a result, our business could experience a decline in sales and/or customer traffic as potential customers choose lower-cost alternatives (such as quick-service restaurants) or other alternatives to dining out. Additionally, negative trends in the availability of credit and in expenses such as interest rates and the cost of construction materials could affect our franchisees' ability to maintain and remodel existing restaurants. Any decreases in customer traffic or average customer check due to these or other reasons could reduce gross sales at franchise restaurants, resulting in lower royalty and other payments from franchisees. This could reduce the profitability of franchise restaurants, potentially impacting the ability of franchisees to make royalty payments owed to us when due (which could adversely impact our current cash flow from franchise operations) and negatively impacting franchisees’ ability to develop new restaurants (which could adversely impact our future cash flows from franchise operations).

Long-Lived Assets

On a regular basis, we assess whether events or changes in circumstances have occurred that potentially indicate the carrying value of long-lived assets (primarily assets related to properties and equipment leased or subleased to franchisees) may not be recoverable. We test impairment using historical cash flows and other relevant facts and circumstances as the primary basis for our estimates of future cash flows. Significant factors considered include, but are not limited to, current and forecast sales, current and forecast cash flows, the number of years the franchisee's restaurant has been in operation, its remaining lease life, and other factors which apply on a case-by-case basis. The analysis is performed at the individual restaurant level for indicators of permanent impairment. Recoverability of the Company's assets is measured by comparing the assets' carrying value to the undiscounted cash flows expected to be generated over the assets' remaining useful life or remaining lease term, whichever is less. This process requires the use of estimates and assumptions, which are subject to a high degree of judgment. If these assumptions change in the future, we may be required to record impairment charges for these assets.

On a regular basis, we assess whether events or changes in circumstances have occurred that potentially indicate the carrying value of intangible assets with finite lives, primarily assets related to Applebee's franchise rights. Recoverability of the asset is measured by comparing the assets' carrying value to the discounted future cash flows expected to be generated over the asset's remaining useful life. Significant factors considered include, but are not limited to, current and forecast sales, current and forecast cash flows and a discount rate to be applied to the forecast revenue stream.

Allowance for Credit Losses

The allowance for doubtful accounts is our best estimate of the amount of probable credit losses in our existing receivables; however, changes in circumstances relating to receivables may result in additional allowances in the future. We determine the allowance based on historical experience, current payment patterns, future obligations and our assessment of the ability to pay outstanding balances. The primary indicator of credit quality is delinquency, which is considered to be a receivable balance greater than 90 days past due. We continually review our allowance for doubtful accounts. Past due balances and future obligations are reviewed individually for collectability. Account balances are charged against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote.

Leases

Our restaurants are located on (i) sites owned by us, (ii) sites leased by us from third parties and (iii) sites owned or leased by franchisees. For sites owned by or leased by us from third parties, we, in turn, sublease to our franchisees. At the inception of the lease, each property is evaluated to determine whether the lease will be accounted for as an operating or capital lease in accordance with the provisions of U.S. GAAP governing the accounting for leases.

Management makes judgments regarding the probable term for each restaurant property lease, which can impact the classification and accounting for a lease as capital or operating, the rent holiday and/or escalations in payment that are taken into consideration when calculating straight-line rent and the term over which leasehold improvements for each restaurant are amortized. These judgments may produce materially different amounts of depreciation, amortization and rent expense than would be reported if different assumed lease terms were used.

Stock-Based Compensation

We account for stock-based compensation in accordance with U.S. GAAP governing share-based payments. Accordingly, we measure stock-based compensation expense at the grant date, based on the fair value of the award, and recognize the expense over the employee's requisite service period using the straight-line method. The fair value of each employee stock option and restricted stock award is estimated on the date of grant using an option pricing model that meets certain requirements. We currently use the Black-Scholes option pricing model to estimate the fair value of our stock-based compensation. The Black-Scholes model meets the requirements of U.S. GAAP. The measurement of stock-based compensation expense is based on several criteria including, but not limited to, the valuation model used and associated input factors, such as expected term of the award, stock price volatility, risk free interest rate and forfeiture rate. These inputs are subjective and are determined using management's judgment. If differences arise between the assumptions used in determining stock-based compensation expense and the actual factors which become known over time, we may change the input factors used in determining future stock-based compensation expense. Any such changes could materially impact our operations in the period in which the changes are made and in subsequent periods.

Income Taxes

We provide for income taxes based on our estimate of federal and state income tax liabilities. We make certain estimates and judgments in the calculation of tax expense and the resulting tax liabilities and in the recoverability of deferred tax assets that arise from temporary differences between the tax and financial statement recognition of revenue and expense. Tax laws are complex and subject to different interpretations by the taxpayers and respective governmental authorities. We review our tax positions quarterly and adjust the balances as new information becomes available.

We recognize deferred tax assets and liabilities using the enacted tax rates for the effect of temporary differences between the financial reporting basis and the tax basis of recorded assets and liabilities. Deferred tax accounting requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portions or all of the net deferred tax assets will not be realized. This test requires projection of our taxable income into future years to determine if there will be taxable income sufficient to realize the tax assets. The preparation of the projections requires considerable judgment and is subject to change to reflect future events and changes in the tax laws. When we establish or reduce the valuation allowance against our deferred tax assets, our income tax expense will increase or decrease, respectively, in the period such determination is made.

FASB ASC Topic 740-10, requires that a position taken or expected to be taken in a tax return be recognized in the financial statement when it is more likely than not (i.e. a likelihood of more than 50 percent) that the position would be sustained upon examination by taxing authorities including all appeals or litigation processes, based on its technical merits. A recognized tax position is then measured on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution. For each reporting period, management applies a consistent methodology to measure and adjust all uncertain tax positions based on the available information.

Legal Contingencies

We are subject to various lawsuits, administrative proceedings, audits, and claims arising in the ordinary course of business. Some of these lawsuits purport to be class actions and/or seek substantial damages. The outcomes of legal proceedings and claims brought against us are subject to significant uncertainty. An estimated loss from a loss contingency such as a legal proceeding or claim is accrued by a charge to income if it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. In determining whether a loss should be accrued we evaluate, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. Changes in these factors could materially impact our consolidated financial statements.

Accounting Standards Adopted in the Current Fiscal Year

See Note 2 - Basis of Presentation and Summary of Significant Accounting Policies, of the Notes to the Consolidated Financial Statements included in this report for a description of accounting standards we adopted in fiscal 2018.

New Accounting Pronouncements

See Note 2 - Basis of Presentation and Summary of Significant Accounting Policies, of the Notes to the Consolidated Financial Statements included in this report, for a description of newly issued accounting standards that may impact us in the future.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

We are exposed to financial market risk, including interest rates and commodity prices. We address these risks through controlled risk management that may include the use of derivative financial instruments to economically hedge or reduce these exposures. We do not enter into financial instruments for trading or speculative purposes.

Interest Rate Risk

The significant majority of our long-term debt outstanding at December 31, 2018 was issued at a fixed interest rate (see Note 8 - Long-Term Debt, of the Notes to Consolidated Financial Statements). We are only exposed to interest rate risk on borrowings under our Series 2018-1Variable Funding Senior Notes Class A-1 (the “2018 Variable Funding Notes”). We had outstanding borrowings of $25 million as of December 31, 2018. A 1.0% increase or decrease in interest rates would increase or decrease our annual interest expense by $0.25 million.

We do not engage in speculative transactions nor do we hold or issue financial instruments for trading purposes. We had no material amounts of derivative instruments at December 31, 2018 and did not hold any material amount of derivative instruments during the year ended December 31, 2018.

Investments in instruments earning a fixed rate of interest carry a degree of interest rate risk. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates. We currently do not hold any fixed rate investments.

Based on our cash and cash equivalents and restricted cash, as of 2018, a 1% increase in interest rates would increase our annual interest income by approximately $0.6 million. A 1% decline in interest rates would decrease our annual interest income by less than $0.6 million as the majority of our cash and cash equivalents and restricted cash are currently yielding less than 1%.

Commodity Prices

Many of the food products purchased by our franchisees and area licensees are affected by commodity pricing and are, therefore, subject to unpredictable price volatility. Extreme increases in commodity prices and/or long-term changes could affect our franchisees, area licensees and company-operated restaurants adversely. We expect that, in most cases, the IHOP and Applebee's systems would be able to pass increased commodity prices through to their customers via increases in menu prices. From time to time, competitive circumstances could limit short-term menu price flexibility, and in those cases, franchisees' margins would be negatively impacted by increased commodity prices. Since all of our restaurants are franchised, we believe that any changes in commodity pricing that cannot be adjusted for by changes in menu pricing or other strategies would not be material to our financial condition, results of operations or cash flows.

The Company and owners of Applebee's and IHOP franchise restaurants are members of CSCS, a Co-op that manages procurement activities for the Applebee's and IHOP restaurants that belong to the Co-op. We believe the larger scale created by combining the supply chain requirements of both brands under one organization can provide cost savings and efficiency in the purchasing function. As of December 31, 2018, 100% of Applebee's domestic franchise restaurants and 99% of IHOP domestic franchise restaurants are members of CSCS. In some instances, IHOP and Applebee's may be required to guarantee their purchase of any remaining inventory of certain food and other items purchased by CSCS for the purpose of supplying limited time promotions on behalf of the Applebee's and IHOP systems as a whole. None of these food product guarantees is a derivative instrument. At December 31, 2018, our outstanding guarantees for food product purchases were $8.4 million.

International Currency Exchange Rate Risk

We have minimal exposure to international currency exchange rate fluctuations. Revenue derived from all international country operations comprised less than 3% of total consolidated revenue for the year ended December 31, 2018, such that a hypothetical concurrent 10% adverse change in the currency of every international country in which our franchisees operate restaurants would have a negative impact of less than 0.3% of our consolidated revenue.

Item 8. Financial Statements and Supplementary Data.

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Dine Brands Global, Inc. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Dine Brands Global, Inc. and Subsidiaries (the Company) as of December 30, 2018 and December 31, 2017, the related consolidated statements of comprehensive income (loss), stockholders' (deficit) equity and cash flows for each of the three years in the period ended December 30, 2018, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 30, 2018 and December 31, 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 30, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 30, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 21, 2019 expressed an unqualified opinion thereon.

Adoption of Topic 606

As discussed in Note 2 to the consolidated financial statements, the Company changed its method for recognizing revenue as a result of the adoption of Accounting Standards Codification 606, *Revenue from Contracts with Customers* (Topic 606) effective January 1, 2018.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2004.

/s/ ERNST & YOUNG LLP

Los Angeles, California
February 21, 2019

Dine Brands Global, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except share amounts)

Assets	December 31, 2018	December 31, 2017 (as adjusted)
Current assets:		
Cash and cash equivalents	$ 137,164	$ 117,010
Receivables, net	137,504	140,188
Restricted cash	48,515	31,436
Prepaid gift card costs	38,195	40,725
Prepaid income taxes	17,402	43,654
Other current assets	3,410	12,615
Total current assets	382,190	385,628
Long-term receivables, net	103,102	126,570
Other intangible assets, net	585,889	582,787
Goodwill	345,314	339,236
Property and equipment, net	240,264	199,585
Deferred rent receivable	77,069	82,971
Non-current restricted cash	14,700	14,700
Other non-current assets, net	26,152	4,135
Total assets	$ 1,774,680	$ 1,735,612

Liabilities and Stockholders' Deficit		
Current liabilities:		
Current maturities of long-term debt	$ 25,000	$ 12,965
Accounts payable	43,468	55,028
Gift card liability	160,438	164,441
Dividends payable	11,389	17,748
Current maturities of capital lease and financing obligations	14,031	14,193
Accrued employee compensation and benefits	27,479	13,547
Deferred franchise revenue, short-term	10,138	11,001
Other accrued expenses	24,243	16,001
Total current liabilities	316,186	304,924
Long-term debt, net, less current maturities	1,274,087	1,269,849
Capital lease obligations, less current maturities	87,762	61,895
Financing obligations, less current maturities	38,482	39,200
Deferred income taxes, net	105,816	117,669
Deferred franchise revenue, long-term	64,557	70,432
Deferred rent payable	62,744	69,112
Other non-current liabilities	27,319	18,071
Total liabilities	1,976,953	1,951,152
Commitments and contingencies		
Stockholders' deficit:		
Common stock, $0.01 par value; shares: 40,000,000 authorized; 2018 - 24,984,898 issued, 17,644,267 outstanding; 2017 - 25,022,312 issued, 17,993,124 outstanding	250	250
Additional paid-in-capital	237,726	276,408
Retained earnings (accumulated deficit)	10,414	(69,940)
Accumulated other comprehensive loss	(60)	(105)
Treasury stock, at cost; shares: 2018 - 7,340,631; 2017 - 7,029,188	(450,603)	(422,153)
Total stockholders' deficit	(202,273)	(215,540)
Total liabilities and stockholders' deficit	$ 1,774,680	$ 1,735,612

See the accompanying notes to the consolidated financial statements.

Dine Brands Global, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
(In thousands, except per share amounts)

	Year Ended December 31,		
	2018	2017	2016
Revenues:		(as adjusted)	
Franchise revenues:			
Royalties, franchise fees and other	$ 375,640	$ 360,253	$ 377,855
Advertising revenue	268,294	234,165	260,116
Total franchise revenues	643,934	594,418	637,971
Rental revenues	121,934	121,437	123,037
Financing revenues	7,979	8,352	9,191
Company restaurant sales	7,084	7,518	17,367
Total revenues	780,931	731,725	787,566
Cost of revenues:			
Franchise expenses:			
Advertising expenses	269,590	243,096	260,116
Other franchise expenses	61,029	50,890	33,384
Total franchise expenses	330,619	293,986	293,500
Rental expenses	90,756	90,592	91,540
Financing expenses	597	598	155
Company restaurant expenses	5,872	7,838	18,224
Total cost of revenues	427,844	393,014	403,419
Gross profit	353,087	338,711	384,147
General and administrative expenses	166,683	165,679	148,935
Interest expense	61,686	61,979	61,479
Amortization of intangible assets	10,105	10,009	9,981
Closure and other impairment charges	2,107	3,968	5,092
Debt refinancing costs	2,523	—	—
(Gain) loss on disposition of assets	(625)	(6,249)	809
Impairment of goodwill and intangible assets	—	531,634	—
Income (loss) before income tax (provision) benefit	110,608	(428,309)	157,851
Income tax (provision) benefit	(30,254)	85,559	(56,849)
Net income (loss)	80,354	(342,750)	101,002
Other comprehensive income (loss), net of tax:			
Adjustment to unrealized loss on available-for-sale investments	50	—	—
Foreign currency translation adjustment	(5)	2	—
Total comprehensive income (loss)	$ 80,399	$ (342,748)	$ 101,002
Net income (loss) available to common stockholders:			
Net income (loss)	$ 80,354	$ (342,750)	$ 101,002
Less: Net (income) loss allocated to unvested participating restricted stock	(2,711)	6,768	(1,430)
Net income (loss) available to common stockholders	$ 77,643	$ (335,982)	$ 99,572
Net income (loss) available to common stockholders per share:			
Basic	$ 4.43	$ (18.96)	$ 5.52
Diluted	$ 4.37	$ (18.96)	$ 5.49
Weighted average shares outstanding:			
Basic	17,533	17,725	18,030
Diluted	17,789	17,740	18,125
Dividends declared per common share	$ 2.52	$ 3.88	$ 3.73
Dividends paid per common share	$ 2.86	$ 3.88	$ 3.68

See the accompanying notes to the consolidated financial statements.

Dine Brands Global, Inc. and Subsidiaries
Consolidated Statements of Stockholders' (Deficit) Equity
(In thousands)

	Common Stock					Treasury Stock		
	Shares Outstanding	Amount	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Shares	Cost	Total
Balance at December 31, 2015	18,535	$ 252	$ 286,952	$ 351,923	$ (107)	6,651	$ (371,797)	$ 267,223
Adoption of ASC 606	—	—	—	(59,641)	—	—	—	(59,641)
Net income (as adjusted)	—	—	—	101,002	—	—	—	101,002
Other comprehensive loss	—	—	—	—	—	—	—	—
Purchase of Company common stock	(650)	—	—	—	—	650	(55,343)	(55,343)
Reissuance of treasury stock	137	—	(3,468)	—	—	(137)	4,877	1,409
Net issuance of shares for stock plans	(19)	(1)	1	—	—	—	—	—
Repurchase of restricted shares for taxes	(33)		(2,859)	—	—	—	—	(2,859)
Stock-based compensation	—	—	10,926	—	—	—	—	10,926
Tax benefit from stock-based compensation	—	—	1,132	—	—	—	—	1,132
Dividends on common stock	—	—	125	(67,833)	—	—	—	(67,708)
Balance at December 31, 2016	17,970	251	292,809	325,451	(107)	7,165	(422,263)	196,141
Net loss (as adjusted)	—	—	—	(342,750)	—	—	—	(342,750)
Other comprehensive gain	—	—	—	—	2	—	—	2
Purchase of Company common stock	(146)	—	—	—	—	146	(10,003)	(10,003)
Reissuance of treasury stock	281	—	(7,478)	—	—	(281)	10,113	2,635
Net issuance of shares for stock plans	(71)	(1)	1	—	—	—	—	—
Repurchase of restricted shares for taxes	(41)	—	(2,396)	—	—	—	—	(2,396)
Stock-based compensation	—	—	10,783	—	—	—	—	10,783
Dividends on common stock	—	—	407	(52,641)	—	—	—	(52,234)
Dividends on common stock in excess of retained earnings	—	—	(17,718)	—	—	—	—	(17,718)
Balance at December 31, 2017	17,993	250	276,408	(69,940)	(105)	7,029	(422,153)	(215,540)
Net income	—	—	—	80,354	—	—	—	80,354
Other comprehensive gain	—	—	—	—	45	—	—	45
Purchase of Company common stock	(479)	—	—	—	—	479	(34,929)	(34,929)
Reissuance of treasury stock	167	—	(2,551)	—	—	(167)	6,479	3,928
Net issuance of shares for stock plans	(11)	—	—	—	—	—	—	—
Repurchase of restricted shares for taxes	(27)	—	(1,972)	—	—	—	—	(1,972)
Stock-based compensation	—	—	10,546	—	—	—	—	10,546
Dividends on common stock in excess of retained earnings	—	—	(44,705)	—	—	—	—	(44,705)
Balance at December 31, 2018	17,644	$ 250	$ 237,726	$ 10,414	$ (60)	7,341	$ (450,603)	$ (202,273)

See the accompanying notes to the consolidated financial statements.

Dine Brands Global, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,		
	2018	2017	2016
Cash flows from operating activities			
Net income (loss)	$ 80,354	$ (342,750)	$ 101,002
Adjustments to reconcile net income (loss) to cash flows provided by operating activities:			
Impairment of goodwill and intangible assets	—	531,634	—
Deferred income taxes	(11,847)	(136,127)	(12,714)
Depreciation and amortization	32,175	30,648	30,606
Non-cash interest expense	3,792	3,364	3,218
Closure and other impairment charges	2,038	3,834	2,621
Non-cash stock-based compensation expense	10,546	10,752	10,926
Tax benefit from stock-based compensation	—	—	1,132
Excess tax benefit from stock options exercised	—	—	(1,019)
(Gain) loss on disposition of assets	(623)	(6,285)	809
Other	(6,526)	(10,980)	(6,674)
Changes in operating assets and liabilities:			
Accounts receivable, net	3,149	(8,430)	3,820
Current income tax receivables and payables	8,119	(8,490)	(909)
Gift card receivables and payables	(1,488)	(3,322)	(4,288)
Prepaid expenses and other current assets	10,425	(8,247)	(156)
Accounts payable	(9,940)	7,208	89
Accrued employee compensation and benefits	13,183	(1,126)	(10,476)
Other current liabilities	6,989	4,050	123
Cash flows provided by operating activities	140,346	65,733	118,110
Cash flows from investing activities			
Principal receipts from notes, equipment contracts and other long-term receivables	25,771	20,486	18,689
Proceeds from sale of property and equipment	655	1,100	—
Acquisition of business	(20,155)	—	—
Additions to property and equipment	(14,279)	(13,370)	(5,637)
Additions to long-term receivables	(6,500)	—	—
Other	(293)	(541)	(503)
Cash flows (used in) provided by investing activities	(14,801)	7,675	12,549
Cash flows from financing activities			
Borrowings from revolving credit facilities	75,000	—	—
Repayments of revolving credit facilities	(50,000)	—	—
Repayment of long-term debt	(13,000)	(3,250)	—
Dividends paid on common stock	(51,125)	(69,790)	(67,429)
Repurchase of Dine Brands Global common stock	(33,603)	(10,003)	(55,343)
Principal payments on capital lease and financing obligations	(13,907)	(12,949)	(13,978)
Payment of debt issuance costs	(3,633)	—	—
Proceeds from stock options exercised	3,928	2,635	1,409
Tax payments for restricted stock upon vesting	(1,972)	(2,396)	(2,859)
Excess tax benefit from stock options exercised	—	—	1,019
Cash flows used in financing activities	(88,312)	(95,753)	(137,181)
Net change in cash, cash equivalents and restricted cash	37,233	(22,345)	(6,522)
Cash, cash equivalents and restricted cash at beginning of year	163,146	185,491	192,013
Cash, cash equivalents and restricted cash at end of year	$ 200,379	$ 163,146	$ 185,491
Supplemental disclosures			
Interest paid	$ 66,059	$ 67,522	$ 69,051
Income taxes paid	$ 34,246	$ 59,528	$ 69,812
Non-cash conversion of accounts receivable to notes receivable	$ 11,959	$ 5,286	$ —

See the accompanying notes to the consolidated financial statements.

1. The Company

The first International House of Pancakes® ("IHOP") restaurant opened in 1958 in Toluca Lake, California. Shortly thereafter, the Company began developing and franchising additional restaurants. The Company was incorporated as IHOP Corp. under the laws of the State of Delaware in 1976. In November 2007, the Company acquired Applebee's International, Inc., which became a wholly-owned subsidiary of the Company. Effective June 2, 2008, the name of the Company was changed to DineEquity, Inc. and on February 20, 2018, the name of the Company was changed to Dine Brands Global, Inc.℠ ("Dine Brands Global"). The Company owns, franchises and operates two restaurant concepts: Applebee's Neighborhood Grill + Bar® ("Applebee's"), in the bar and grill segment within the casual dining category of the restaurant industry, and IHOP in the family dining category of the restaurant industry.

As of December 31, 2018, there were 1,831 IHOP® restaurants, of which 1,669 were subject to franchise agreements and 162 were subject to area license agreements. These IHOP restaurants were located in all 50 states of the United States, the District of Columbia, three United States territories and 12 countries outside the United States. As of December 31, 2018, there were 1,837 Applebee's® restaurants, of which 1,768 were subject to franchise agreements and 69 were company-operated restaurants. These Applebee's restaurants were located in all 50 states of the United States, two United States territories and 13 countries outside the United States.

References herein to Applebee's and IHOP restaurants are to these restaurant concepts, whether operated by franchisees, area licensees or the Company. Retail sales at restaurants that are owned by franchisees and area licensees are not attributable to the Company.

2. Basis of Presentation and Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Dine Brands Global, Inc. and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Fiscal Periods

The Company has a 52/53 week fiscal year that ends on the Sunday nearest to December 31 of each year. In a 52-week fiscal year, each fiscal quarter contains 13 weeks, comprised of two, four-week fiscal months followed by a five-week fiscal month. In a 53-week fiscal year, the last month of the fourth fiscal quarter contains six weeks. For convenience, the Company refers to its fiscal years as ending on December 31 and its fiscal quarters as ending on March 31, June 30 and September 30. The 2018 fiscal year ended December 30, 2018 and contained 52 weeks. The 2017 fiscal year ended December 31, 2017 and contained 52 weeks; the 2016 fiscal year ended January 1, 2017 and contained 52 weeks.

Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles ("U.S. GAAP") requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, if any, at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates are made in the calculation and assessment of the following: impairment of tangible and intangible assets and goodwill; income taxes; allowance for doubtful accounts and notes receivables; lease accounting estimates; contingencies; and stock-based compensation. On an ongoing basis, the Company evaluates its estimates based on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from those estimates.

Concentration of Credit Risk

The Company's cash, cash equivalents, restricted cash and accounts receivable are potentially subject to concentration of credit risk. Cash and cash equivalents are placed with financial institutions that management believes are creditworthy. The Company does not believe that it is exposed to any significant credit risk on cash and cash equivalents. At times, cash and cash equivalent balances may be in excess of FDIC insurance limits.

Accounts receivable are derived from revenues earned from franchisees and area licensees located primarily in the United States. Financing receivables arise from the financing of restaurant equipment, leases or franchise fees with the Company by IHOP franchisees. The Company is subject to a concentration of credit risk with respect to receivables from franchisees that

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

own a large number of Applebee's or IHOP restaurants. As of December 31, 2018, there were two franchisees that owned 400 or more restaurants each (one Applebee's franchisee and one franchisee with cross-brand ownership). These franchisees operated 877 Applebee's and IHOP restaurants in the United States, which comprised 26.3% of the total Applebee's and IHOP franchise and area license restaurants in the United States. Revenues from these franchisees represented 19.8%, 19.3%, and 18.9% of total consolidated revenue for the years ended December 31, 2018, 2017 and 2016, respectively. One franchisee represented 11.9% of total consolidated revenue for the year ended December 31, 2018. No single franchisee represented more than 10% of total consolidated revenue for the years ended December 31, 2017 and 2016. Receivables from these franchisees totaled $17.5 million and $24.0 million at December 31, 2018 and 2017, respectively.

Cash and Cash Equivalents

The Company considers all highly liquid investment securities with remaining maturities at the date of purchase of three months or less to be cash equivalents. These cash equivalents are stated at cost which approximates market value. Cash held related to IHOP advertising funds and the Company's gift card programs is not considered to be restricted cash as there are no restrictions on the use of these funds. Total cash balances related to the IHOP advertising funds and the Company's gift card programs were $52.2 million and $57.1 million as of December 31, 2018 and 2017, respectively.

Restricted Cash

Current

Current restricted cash of $48.5 million at December 31, 2018 consisted of $42.3 million of funds required to be held in trust in connection with the Company's securitized debt and $6.2 million of funds from Applebee's franchisees pursuant to franchise agreements, usage of which was restricted to advertising activities. Current restricted cash of $31.4 million at December 31, 2017 primarily consisted of $29.3 million of funds required to be held in trust in connection with the Company's securitized debt and $2.1 million of funds from Applebee's franchisees pursuant to franchise agreements, usage of which was restricted to advertising activities.

Non-current

Non-current restricted cash of $14.7 million as of December 31, 2018 and 2017 represents interest reserves required to be set aside for the duration of the securitized debt.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Properties under capital leases are stated at the present value of the minimum lease payments. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or remaining useful lives. Leasehold improvements and properties under capital leases are amortized on a straight-line basis over their estimated useful lives or the lease term, if less. The Company has capitalized certain costs incurred in connection with the development of internal-use software which are included in equipment and fixtures in Note 5 - Property and Equipment, of the Notes to the Consolidated Financial Statements and are amortized over the expected useful life of the asset. The general ranges of depreciable and amortizable lives are as follows:

Category	Depreciable Life
Buildings and improvements	25 - 40 years
Leaseholds and improvements	Shorter of primary lease term or between three to 40 years
Equipment and fixtures	Three to five years
Internal-use software	Three to 10 years
Properties under capital leases	Primary lease term or remaining primary lease term

Long-Lived Assets

On a regular basis, the Company assesses whether events or changes in circumstances have occurred that potentially indicate the carrying value of long-lived assets (primarily assets related to property and equipment leased or subleased to franchisees) may not be recoverable. The Company tests impairment using historical cash flows and other relevant facts and circumstances as the primary basis for estimates of future cash flows. The Company considers factors such as the number of years the franchisee's restaurant has been in operation, sales trends, cash flow trends, remaining lease life and other factors which apply on a case-by-case basis. The analysis is performed at the restaurant level for indicators of permanent impairment.

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Recoverability of the Company's assets is measured by comparing the assets' carrying value to the undiscounted future cash flows expected to be generated over the assets' remaining useful life or remaining lease term, whichever is less. If the total expected undiscounted future cash flows are less than the carrying amount of the assets, this may be an indicator of impairment. If it is decided that there has been an impairment, the carrying amount of the asset is written down to the estimated fair value as determined in accordance with U.S. GAAP governing fair value measurements. The primary method of estimating fair value is based on a discounted cash flow analysis. Any loss resulting from impairment is recognized as a charge against operations.

See Note 13 - Closure and Other Impairment Charges, of the Notes to the Consolidated Financial Statements for additional information.

Goodwill and Intangible Assets

Goodwill is recorded when the aggregate purchase price of an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired. Intangible assets resulting from an acquisition are accounted for using the purchase method of accounting and are estimated by management based on the fair value of the assets received. The Company's identifiable intangible assets are comprised primarily of the Applebee's tradename and Applebee's franchise agreements. Identifiable intangible assets with finite lives (franchise agreements) are amortized over the period of estimated benefit using the straight-line method and estimated useful lives. Goodwill and intangible assets considered to have an indefinite life (primarily the Applebee's tradename) are not subject to amortization. The determination of indefinite life is subject to reassessment if changes in facts and circumstances indicate the period of benefit has become finite.

Goodwill has been allocated to three reporting units. The significant majority of the Company's goodwill resulted from the November 29, 2007 acquisition of Applebee's and was allocated to the Applebee's franchised restaurants unit (“Applebee's franchise unit”). Smaller amounts of goodwill arising from other business combinations have been allocated to IHOP franchised restaurants unit (“IHOP franchise unit”) and the Applebee's company restaurants unit (“Applebee's company unit”). See Note 6 - Goodwill, of the Notes to the Consolidated Financial Statements for additional information.

The Company evaluates the goodwill of the Applebee's franchise unit and the indefinite-lived Applebee's tradename for impairment as of October 31 of each year and will evaluate the goodwill of the Applebee's company unit as of October 31 of each year. The Company evaluates the goodwill of the IHOP franchise unit for impairment as of December 31 of each year. In addition to the annual evaluation for impairment, goodwill and indefinite-lived intangible assets are evaluated more frequently if the Company believes indicators of impairment exist.

When evaluating goodwill and indefinite-lived intangible assets for impairment, under U.S. GAAP, the Company may first perform an assessment of qualitative factors to determine if the fair value of the reporting unit or the intangible asset is more-likely-than-not greater than the carrying amount. Such qualitative factors include, but are not limited to, macro-economic conditions, market and industry conditions, cost considerations, the competitive environment, share price fluctuations, overall financial performance and results of past impairment tests. If, based on a review of the qualitative factors, the Company determines it is more-likely-than-not that the fair value is greater than the carrying value, the Company may bypass a quantitative test for impairment.

In performing the quantitative test for impairment of goodwill, the Company primarily uses the income approach method of valuation that includes the discounted cash flow method and the market approach that includes the guideline public company method. Significant assumptions used to determine fair value under the discounted cash flow method include expected future trends in sales, operating expenses, overhead expenses, capital expenditures and changes in working capital, along with an appropriate discount rate based on the Company's estimated cost of equity capital and after-tax cost of debt. Significant assumptions used to determine fair value under the guideline public company method include the selection of guideline companies and the valuation multiples applied. The Company adopted the guidance in Accounting Standards Update 2017-04 effective January 1, 2017; accordingly, the Company measures impairment as the excess of a reporting unit's carrying amount over its fair value as determined by the quantitative test described above.

In the process of performing its impairment review of intangible assets considered to have an indefinite life, the Company primarily uses the relief of royalty method under the income approach method of valuation. Significant assumptions used to determine fair value under the relief of royalty method include future trends in sales, a royalty rate and an appropriate discount rate based on the Company's estimated cost of equity capital and after-tax cost of debt to be applied to the forecast revenue stream.

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Company's revenues are recorded in four categories: franchise operations, rental operations, financing operations and company restaurant operations. Franchise revenue (which comprises most of the Company's revenues) and revenue from company-operated restaurants are recognized in accordance with Accounting Standards Codification 606 - Revenue from Contracts with Customers ("ASC 606"). Under ASC 606, revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration the Company expects to receive for those services or goods. The Company's rental and financing revenues are recognized in accordance with other U.S. GAAP accounting standards and are not subject to ASC 606.

Franchise Revenue

The Company owns and franchises the Applebee's and IHOP restaurant concepts. The franchise arrangement for both brands is documented in the form of a franchise agreement and, in most cases, a development agreement. The franchise arrangement between the Company as the franchisor and the franchisee as the customer requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all the utility is derived from its association with the Company's past or ongoing activities. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

The transaction price in a standard franchise arrangement for both brands primarily consists of (a) initial franchise/development fees; (b) continuing franchise fees (royalties); and (c) advertising fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required. Additionally, all domestic IHOP franchise agreements require franchisees to purchase proprietary pancake and waffle dry mix from the Company.

The Company recognizes the primary components of the transaction price as follows:

- Franchise and development fees are recognized as revenue ratably on a straight-line basis over the term of the franchise agreement commencing with the restaurant opening date. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time;

- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and advertising revenue are recognized when the franchisee's reported sales occur. Depending on timing within a fiscal period, the recognition of revenue results in either what is considered a contract asset (unbilled receivable) or, once billed, accounts receivable, on the balance sheet.

- Revenue from the sales of proprietary pancake and waffle dry mix is recognized in the period in which distributors ship the franchisee's order; recognition of revenue results in accounts receivable on the balance sheet.

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment with respect to collectibility of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term, the month of reported sales by the franchisee or the date of product shipment, none of which require estimation.

The Company does not incur a significant amount of contract acquisition costs in conducting its franchising activities. The Company believes its franchising arrangements do not contain a significant financing component.

Any excess or deficiency of advertising fee revenue compared to advertising expenditures, is recognized in the fourth quarter of the Company's fiscal year. Any excess of revenue over expenditures is recognized only to the extent of previously recognized deficits.

Company Restaurant Revenue

Company restaurant revenue comprises retail sales at company-operated restaurants. Sales by company-operated restaurants are recognized when food and beverage items are sold. Company restaurant sales are reported net of sales taxes collected from guests that are remitted to the appropriate taxing authorities.

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Rental operations revenue includes revenue from operating leases and interest income from direct financing leases. See *Basis of Presentation and Summary of Significant Accounting Policies - Leases.*

Financing operations revenue consists primarily of interest income from the financing of franchise fees and equipment leases, as well as sales of equipment associated with refranchised IHOP restaurants.

The Company administers gift card programs for Applebee's and IHOP. The Company records a liability in the period in which a gift card is sold and recognizes costs associated with its administration of the gift card programs as prepaid assets when the costs are incurred. The liability and prepaid asset recorded on the Company's books are relieved when gift cards are redeemed. If redemption occurs at a franchisee-operated restaurant, the gift card revenue, net of costs, is remitted to the franchisee. The Company receives gift card breakage revenue only from gift cards redeemed at company-operated restaurants. Breakage revenue for gift cards redeemed at company-operated restaurants for the years ended December 31, 2018, 2017 and 2016 was not material.

Allowance for Credit Losses

The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in existing receivables; however, changes in circumstances relating to receivables may result in changes to the allowance in the future. The Company determines the allowance based on historical experience, current payment patterns, future obligations and the Company's assessment of the franchisee's or area licensee's ability to pay outstanding balances. The primary indicator of credit quality is delinquency, which is considered to be a receivable balance greater than 90 days past due. The Company continually reviews the allowance for doubtful accounts. Past due balances and future obligations are reviewed individually for collectability. Account balances are charged against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote. Credit losses historically have been within management's estimates.

Leases

The Company is the lessor or sub-lessor of the properties on which 676 IHOP restaurants and one Applebee's restaurant is located. The restaurants are subleased to franchisees or, in a few instances, were operated by the Company. The Company's IHOP leases generally provide for an initial term of 20 to 25 years, with most having one or more five-year renewal options at the Company's option. The rental payments or receipts on leases that meet the operating lease criteria are recorded as rental expense or rental income, respectively. Rental expense and rental income for these operating leases are recognized on the straight-line basis over the original terms of the leases. Any difference between straight-line rent expense or income and actual amounts paid or received represents deferred rent and is included in the consolidated balance sheets as other assets or other liabilities, as appropriate.

The rental payments or receipts on those property leases that meet the capital lease criteria result in the recognition of interest expense or interest income and a reduction of capital lease obligation or financing lease receivable, respectively. Capital lease obligations are amortized based on the Company's incremental borrowing rate and direct financing leases are amortized using the implicit interest rate.

The lease term used for straight-line rent expense is calculated from the date the Company obtains possession of the leased premises through the lease termination date. The Company records rent from the possession date through restaurant open date as expense. Once a restaurant opens for business, the Company records straight-line rent over the lease term plus contingent rent to the extent it exceeded the minimum rent obligation per the lease agreement. The Company uses a consistent lease term when calculating depreciation of leasehold improvements, when determining straight-line rent expense and when determining classification of its leases as either operating or capital. For leases that contain rent escalations, the Company records the total rent payable during the lease term, as determined above, on the straight-line basis over the term of the lease (including the rent holiday period beginning upon our possession of the premises), and records the difference between the minimum rents paid and the straight-line rent as a lease obligation. Certain leases contain provisions that require additional rental payments based upon restaurant sales volume (“contingent rent”). Contingent rentals are accrued each period as the liabilities are incurred, in addition to the straight-line rent expense noted above.

There is potential for variability in the rent holiday period, which begins on the possession date and ends on the restaurant open date, during which no cash rent payments are typically due under the terms of the lease. Factors that may affect the length of the rent holiday period generally relate to construction related delays. Extension of the rent holiday period due to delays in restaurant openings will result in greater pre-opening rent expense recognized during the rent holiday period and lesser occupancy expense during the rest of the lease term (post-opening).

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

For leases that contain rent escalations, we record the total rent payable or receivable during the lease term, as determined above, on the straight-line basis over the term of the lease (including the rent holiday period beginning upon our possession of the premises, if applicable), and record the difference between the minimum rent paid or received and the straight-line rent as a lease obligation or receivable, respectively. Certain leases contain provisions that require additional rental payments or receipts based upon restaurant sales volume (“contingent rent”). Contingent rentals are accrued each period as the liabilities are incurred or receivables are earned, in addition to the straight-line rent expense or revenue, respectively, noted above.

Certain lease agreements contain tenant improvement allowances, rent holidays and lease premiums, which are amortized over the shorter of the estimated useful life or lease term. For tenant improvement allowances, the Company also records a deferred rent liability or an obligation in non-current liabilities on the consolidated balance sheets and amortizes the deferred rent over the term of the lease as a reduction to company restaurant expenses in the consolidated statements of comprehensive income.

Pre-opening Expenses

Expenditures related to the opening of new or relocated restaurants are charged to expense when incurred.

Advertising

Advertising fees included as franchise revenue for the years ended December 31, 2018, 2017 and 2016 were $268.3 million, $234.2 million and $260.1 million, respectively.

Advertising expense reflected in the Consolidated Statements of Comprehensive Income (Loss) includes local marketing advertising costs incurred by company-operated restaurants, contributions to the national advertising fund made by Applebee's and IHOP and certain advertising costs incurred by the Company to benefit future franchise operations. Costs of advertising are typically expensed either as incurred or the first time the advertising takes place. When advertising revenues exceed the related advertising expenses, advertising costs are accrued up to the amount of revenues. Advertising expense included in company restaurant operations for the years ended December 31, 2018, 2017 and 2016 was $0.3 million, $0.3 million, and $0.8 million, respectively.

Fair Value Measurements

The Company determines the fair market values of its financial assets and liabilities, as well as non-financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis, based on the fair value hierarchy established in U.S. GAAP. As necessary, the Company measures its financial assets and liabilities using inputs from the following three levels of the fair value hierarchy:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are observable for the asset or liability, either directly or indirectly, including quoted prices in active markets for similar assets or liabilities.
- Level 3 inputs are unobservable and reflect the Company's own assumptions.

The Company does not have a material amount of financial assets or liabilities that are required under U.S. GAAP to be measured at fair value on either a recurring or non-recurring basis. None of the Company's non-financial assets or non-financial liabilities is required to be measured at fair value on a recurring basis. The Company has not elected to use fair value measurement for any assets or liabilities for which fair value measurement is not presently required.

The Company believes the fair values of cash equivalents, accounts receivable and accounts payable approximate their carrying amounts due to their short duration.

The fair values of non-current financial instruments, determined based on Level 2 inputs, are shown in the following table:

	December 31, 2018		December 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In millions)			
Long-term debt, net of debt issuance costs	$ 1,299.1	$ 1,280.9	$ 1,282.8	$ 1,265.5

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax bases of assets and liabilities using enacted tax rates. A valuation allowance is recorded when it is more likely than not that some or all of the deferred tax assets will not be realized. The Company also determines its tax contingencies in accordance with U.S. GAAP governing the accounting for contingencies. The Company records estimated tax liabilities to the extent the contingencies are probable and can be reasonably estimated. The Company recognizes interest accrued related to unrecognizable tax benefits and penalties as a component of the income tax provision recognized in the Consolidated Statements of Comprehensive Income (Loss).

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by taxing authorities including all appeals or litigation processes, based on its technical merits. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution. For each reporting period, management applies a consistent methodology to measure and adjust all uncertain tax positions based on the available information.

Stock-Based Compensation

Members of the Board of Directors and certain employees are eligible to receive stock options, restricted stock, restricted stock units and performance units pursuant to the Dine Brands Global, Inc. 2016 Stock Incentive Plan. Shares of unvested restricted stock are subject to restrictions on transfer and forfeiture under certain circumstances. The holder of unvested restricted stock has the right to vote and receive regular cash dividends with respect to the shares of unvested restricted stock.

The Company accounts for all stock-based payments to employees and non-employee directors, including grants of stock options, restricted stock and restricted stock units to be recognized in the financial statements, based on their respective grant date fair values. The value of the portion of the award that is ultimately expected to vest is recognized as expense ratably over the requisite service periods. The Company reports the benefits of tax deductions in excess of recognized compensation cost as a financing cash flow.

The grant date fair value of restricted stock and stock-settled restricted stock units is determined based on the Company's stock price on the grant date. The Company estimates the grant date fair value of stock option awards using the Black-Scholes option pricing model, which considers, among other factors, a risk-free interest rate, the expected life of the award and the historical volatility of the Company's stock price. The Company estimates the grant date fair value of awards with performance-based market conditions using a Monte Carlo simulation method which considers, among other factors, the performance-based market condition, a risk-free interest rate, the expected life of the award and the historical volatility of the Company's stock price. Awards of cash-settled restricted stock units are classified as liabilities with the liability and compensation expense related to cash-settled awards adjusted to fair value at each balance sheet date.

Net Income (Loss) Per Share

Net income (loss) per share is calculated using the two-class method prescribed in U.S. GAAP. Basic net income (loss) per share is computed by dividing the net income available to common stockholders for the period by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing the net income available to common stockholders for the period by the weighted average number of common shares and potential shares of common stock outstanding during the period if their effect is dilutive. The Company uses the treasury stock method to calculate the weighted average shares used in the diluted earnings per share calculation. Potentially dilutive common shares include the assumed exercise of stock options and assumed vesting of restricted stock.

Other Comprehensive Income (Loss)

For the years ended December 31, 2018, 2017 and 2016, the income tax benefit or provision allocated to items of other comprehensive income (loss) was not significant.

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Treasury Stock

The Company may from time to time utilize treasury stock when vested stock options are exercised, when restricted stock awards are granted and when restricted stock units settle in stock upon vesting. The cost of treasury stock re-issued is determined using the first-in, first-out method.

Dividends

Dividends declared on common stock are recorded as a reduction of retained earnings to the extent retained earnings are available at the close of the period prior to the date of the declared dividend. Dividends declared in excess of retained earnings are recorded as a reduction of additional paid-in capital.

Reporting Segments

The Company identifies its reporting segments based on the organizational units used by management to monitor performance and make operating decisions. The Company has five operating segments: Applebee's franchise operations, IHOP franchise operations, rental operations, financing operations and company-operated restaurant operations. The Company has four reportable segments: franchise operations, (an aggregation of Applebee's and IHOP franchise operations), rental operations, financing operations and company-operated restaurant operations. The Company considers these to be its reportable segments, regardless of whether any segment exceeds 10% of consolidated revenues, income before income tax provision or total assets.

Franchise Segment

As of December 31, 2018, the franchise operations reportable segment consisted of 1,768 restaurants operated by Applebee's franchisees in the United States, two United States territories and 13 countries outside the United States and 1,831 restaurants operated by IHOP franchisees and area licensees in the United States, three United States territories and 12 countries outside the United States. Franchise operations revenue consists primarily of royalties and advertising fees based on a percentage of the franchisee's gross sales, sales of proprietary products (primarily IHOP pancake and waffle dry-mixes) and franchise fees.

Franchise operations expenses include advertising expense, the cost of proprietary products, pre-opening training expenses and other franchise-related costs.

Rental Segment

Rental operations revenue includes revenue from operating leases and interest income from direct financing leases. Rental operations expenses are costs of operating leases and interest expense of capital leases on franchisee-operated restaurants. The rental operations revenue and expenses are primarily generated by IHOP. Applebee's has an insignificant amount of rental activity related to one property that was retained after refranchising a company-operated restaurant.

Financing Segment

Financing operations revenue primarily consists of interest income from the financing of IHOP franchise fees and equipment leases, as well as sales of equipment associated with refranchised IHOP restaurants. Financing expenses are the cost of restaurant equipment.

Company Segment

As of December 31, 2018, the Company operated 69 Applebee's restaurants that were acquired from a former franchisee in December 2018. See Note 18 - Acquisition of Business, of the Notes to the Consolidated Financial Statements for additional information. The company segment presented in these financial statements consists of approximately three weeks of operations of these 69 Applebee's restaurants in 2018 as well as 10 IHOP restaurants operated until June 2017. All company-operated restaurants were located in the United States. Company restaurant sales are retail sales at company-operated restaurants. Company restaurant expenses are operating expenses at company-operated restaurants and include food, beverage, labor, benefits, utilities, rent and other operating costs.

Accounting Standards Adopted Effective January 1, 2018

On January 1, 2018, the Company adopted the guidance of ASC 606. The Company adopted this change in accounting principles using the full retrospective method. Accordingly, previously reported financial information has been adjusted to reflect the application of ASC 606 to all comparative periods presented. The Company utilized all the practical expedients for adoption allowed under the full retrospective method. The Company believes utilization of the practical expedients did not have a significant impact on the consolidated financial statements of the periods presented herein.

Prior to the adoption of ASC 606, the Company generally recognized the entire franchise and/or development fee as revenue at the restaurant opening date. Prior to the adoption of ASC 606, the Company did not record advertising fees received under Applebee's franchise agreements as franchise revenue. In evaluating advertising activity under the guidance of ASC 606, the Company considers itself to be primarily responsible for fulfilling the promise to provide all the services specified in the contract, including advertising activities, which are not considered to be distinct services in the context of providing the right to the symbolic intellectual property. Accordingly, under ASC 606, the Company records advertising fees received under Applebee's franchise agreements as franchise revenue. The Company had previously recorded advertising fees received under IHOP franchise agreements as franchise revenue. Under previously issued accounting guidance for franchisors, advertising revenue and expense were recognized in the same amount in each period. That guidance was superceded by ASC 606 such that advertising expense may now be different than the advertising revenue recognized as described above. The adoption of ASC 606 had no impact on the Company's recording of royalties and sales of proprietary pancake and waffle dry mix.

Adoption of ASC 606 impacted our previously reported Consolidated Balance Sheet as follows:

	Balance at December 31, 2017, as reported	**Adjustments/Reclassifications Due to ASC 606 adoption**	**Balance at December 31, 2017, as adjusted**
		(In thousands)	
Assets:			
Receivables, net	$ 150,174	$ (9,986)	$ 140,188
Long-term receivables, net	131,212	(4,642)	126,570
Liabilities:			
Deferred franchise revenue (short-term)	—	11,001	11,001
Other accrued expenses	17,780	(1,779)	16,001
Deferred franchise revenue (long-term)	—	70,432	70,432
Other non-current liabilities	23,003	(4,932)	18,071
Deferred income taxes, net	138,177	(20,508)	117,669
Equity:			
Accumulated deficit	$ (1,098)	$ (68,842)	$ (69,940)

In conjunction with its adoption of ASC 606, the Company has separated “franchise and restaurant revenues” and “franchise and restaurant expenses,” previously combined when reported in the Statement of Comprehensive Income (Loss) for the years ended December 31, 2017 and 2016, into separate line items for franchise revenues/expense and company restaurant sales/expense as follows:

	Year ended December 31,	
	2017	**2016**
	(in thousands)	
Franchise and restaurant revenues, as combined	$ 475,030	$ 501,745
Franchise revenues	$ 467,512	$ 484,378
Company restaurant sales	7,518	17,367
	$ 475,030	$ 501,745
Franchise and restaurant expenses, as combined	$ 171,983	$ 162,860
Franchise expenses	164,145	144,636
Company restaurant expenses	7,838	$ 18,224
	$ 171,983	$ 162,860

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Adoption of ASC 606 impacted our previously reported Consolidated Statement of Comprehensive Income (Loss) for the year ended December 31, 2017, as follows:

	Year ended December 31, 2017, as reported	Adjustments due to ASC 606 adoption	Year ended December 31, 2017, as adjusted
		(In thousands)	
Franchise revenues (as shown separately above)	$ 467,512	$ 126,906	$ 594,418
Franchise expenses (as shown separately above)	164,145	129,841	293,986
Loss before income tax benefit	(425,374)	(2,935)	(428,309)
Income tax benefit	94,835	(9,276)	85,559
Net loss	(330,539)	(12,211)	(342,750)
Net loss per share:			
Basic	$ (18.28)		$ (18.96)
Diluted	$ (18.28)		$ (18.96)

Recognition of Applebee's advertising revenue and expense comprised $120.9 million of the revenue adjustment and all the expense adjustment. Approximately $6.0 million of the revenue adjustment is due to the change in method of recognizing franchise and development fees.

Adoption of ASC 606 impacted our previously reported Consolidated Statement of Comprehensive Income (Loss) for the year ended December 31, 2016, as follows:

	Year ended December 31, 2016, as reported	Adjustments due to ASC 606 adoption	Year ended December 31, 2016, as adjusted
		(In thousands)	
Franchise revenues (as shown separately above)	$ 484,378	$ 153,593	$ 637,971
Franchise expenses (as shown separately above)	144,636	148,864	293,500
Income before income tax provision	153,122	4,729	157,851
Income tax provision	(55,130)	(1,719)	(56,849)
Net income	97,992	3,010	101,002
Net income per share:			
Basic	$ 5.36		$ 5.52
Diluted	$ 5.33		$ 5.49

Recognition of Applebee's advertising revenue and expense comprised $148.9 million of the revenue adjustment and all the expense adjustment. Approximately $4.7 million of the revenue adjustment is due to the change in method of recognizing franchise and development fees.

Additional new accounting guidance became effective for the Company as of January 1, 2018 that the Company reviewed and concluded was either not applicable to the Company's operations or had no material effect on the Company's consolidated financial statements.

Newly Issued Accounting Standards Not Yet Adopted

In June 2016, the Financial Accounting Standards Board ("FASB") issued new guidance on the measurement of credit losses on financial instruments. The new guidance will replace the incurred loss methodology of recognizing credit losses on financial instruments that is currently required with a methodology that estimates the expected credit loss on financial instruments and reflects the net amount expected to be collected on the financial instrument. Application of the new guidance may result in the earlier recognition of credit losses as the new methodology will require entities to consider forward-looking information in addition to historical and current information used in assessing incurred losses. The Company will be required to adopt the new guidance on a modified retrospective basis beginning with its first fiscal quarter of 2020, with early adoption permitted in its first fiscal quarter of 2019. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements and related disclosures and whether early adoption will be elected.

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

In February 2016, the FASB issued new guidance with respect to the accounting for leases. The new guidance will require lessees to recognize a right-of-use asset and a lease liability for virtually all leases, other than leases with a term of 12 months or less, and to provide additional disclosures about leasing arrangements. Accounting by lessors is largely unchanged from existing accounting guidance. The Company will be required to adopt the new guidance beginning with its first fiscal quarter of 2019. In July 2018, the FASB modified the new guidance to provide for transition adoption using either 1) a modified retrospective approach with periods prior to the adoption date being recast or 2) a prospective adoption approach with a cumulative-effect adjustment recognized to the opening balance of retained earnings on the adoption date with prior periods not recast. Prior to modification, the first transition adoption method was the only method available. The Company will use the prospective approach to its adoption of the new lease guidance. The Company has elected to use the package of practical expedients available for implementation of the new guidance that will allow it to not reassess as of the adoption date expired or existing contracts with respect to attributes such as lease classification, lease term and initial direct costs.

Upon implementation of the guidance, lease-related liabilities will be recognized at the present value of the remaining contractual fixed lease payments, discounted using the Company’s incremental borrowing rate. Lease-related assets, or right-of-use assets, will be recognized at an amount equal to the respective lease liabilities, adjusted for accrued lease payments, lease incentives and impairment due shortfall of projected amounts to be received compared to projected amounts to be paid in lease/sublease agreements. Operating lease expense will continue to be recognized on a straight-line basis over the lease term, while variable lease payments will continue to be expensed as incurred.

The Company expects adoption of the standard will have the impact of increasing its consolidated assets and liabilities by approximately $400 million. The Company expects adoption of the standard will not have a material impact on its Consolidated Statements of Comprehensive Income (Loss) or Consolidated Statements of Cash Flows. Recognition of the lease liability related to operating leases will not impact any covenants related to the Company's long-term debt because the debt agreements specify that covenant ratios be calculated using U.S. GAAP in effect at the time the debt agreements were entered.

In conjunction with the adoption, the Company implemented internal controls to properly record and account for its lease portfolio in accordance with the new guidance.

In August 2018, the Securities and Exchange Commission (“SEC”) adopted the final rule under SEC Release No. 33-10532, Disclosure Update and Simplification, amending certain disclosure requirements that were redundant, duplicative, overlapping, outdated or superseded. The amendments also expanded the disclosure requirements related to the analysis of stockholders' equity for interim financial statements. Under the amendments, an analysis of changes in each caption of stockholders' equity presented in the balance sheet must be provided in a note or separate statement. The analysis should present a reconciliation of the beginning balance to the ending balance of each period for which a statement of comprehensive income is required to be filed. This final rule is effective on November 5, 2018. Pursuant to guidance issued by the SEC, the Company will provide the required disclosures in its interim financial statements beginning with the first fiscal quarter of 2019.

In August 2018, the FASB issued guidance designed to improve the effectiveness of disclosures by removing, modifying and adding disclosures related to fair value measurements. The Company will be required to adopt the new guidance beginning with its first fiscal quarter of 2020; early adoption in any interim period after issuance of the new guidance is permitted. The Company is currently assessing the impact this guidance will have on its consolidated financial statements; the Company does not expect to adopt the new guidance early.

In August 2018, the FASB issued new guidance on the accounting for implementation costs incurred in a cloud computing arrangement that is a service contract. The guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with existing guidance for capitalizing implementation cost incurred to develop or obtain internal-use software. The guidance also provides presentation and disclosure requirements for such capitalized costs. The Company will be required to adopt the new guidance beginning with its first fiscal quarter of 2020; early adoption in any interim period after issuance of the new guidance is permitted. The Company is currently assessing the impact this guidance will have on its consolidated financial statements; the Company does not expect to adopt the new guidance early.

The Company reviewed all other newly issued accounting pronouncements and concluded that they either are not applicable to the Company's operations or that no material effect is expected on the Company's financial statements as a result of future adoption.

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

3. Revenue Disclosures

The following table disaggregates our franchise revenue by major type for the years ended December 31, 2018, 2017 and 2016:

	Year ended December 31,		
	2018	2017	2016
	(In thousands)		
Franchise Revenue:			
Royalties	$ 311,568	$ 297,817	$ 315,848
Advertising fees	268,294	234,165	260,116
Pancake and waffle dry mix sales and other	52,108	50,538	52,117
Franchise and development fees	11,964	11,898	9,890
Total franchise revenue	$ 643,934	$ 594,418	$ 637,971

Accounts receivable from franchisees as of December 31, 2018 and 2017 were $62.6 million (net of allowance of $4.6 million) and $66.2 million (net of allowance of $22.2 million), respectively, and were included in receivables, net in the Consolidated Balance Sheets.

Changes in the Company's contract liability for deferred franchise and development fees during the year ended December 31, 2018 are as follows:

	Deferred Franchise Revenue (short- and long-term)
	(In thousands)
Balance at December 31, 2017	$ 81,433
Recognized as revenue during the year ended December 31, 2018	(11,220)
Fees deferred during the year ended December 30, 2018	4,482
Balance at December 31, 2018	$ 74,695

The balance of deferred revenue as of December 31, 2018 is expected to be recognized as follows:

	(In thousands)
2019	$ 10,138
2020	8,227
2021	7,682
2022	7,156
2023	6,585
Thereafter	34,907
Total	$ 74,695

4. Receivables

	2018	2017
	(In millions)	
Accounts receivable	$ 63.0	$ 84.2
Gift card receivables	47.9	51.6
Notes receivable	28.9	11.3
Financing receivables:		
Equipment leases receivable	65.8	79.3
Direct financing leases receivable	44.9	55.7
Franchise fee notes receivable	0.2	0.3
Other	7.1	6.5
	257.8	288.9
Less: allowance for doubtful accounts and notes receivable	(17.2)	(22.2)
	240.6	266.8
Less: current portion	(137.5)	(140.2)
Long-term receivables	$ 103.1	$ 126.6

Accounts receivable primarily includes receivables due from franchisees and distributors. Gift card receivables consist primarily of amounts due from third-party vendors. Interest is not charged on gift card receivables.

Notes receivable primarily relate to the conversion of certain franchisee accounts receivable to notes receivable, cash loans made to franchisees and a note receivable in connection with the sale of IHOP restaurants (See Note 20 - Refranchising of Company-operated Restaurants. of the Notes to Consolidated Financial Statements). The notes bear interest averaging 4.8% and 4.6% per annum at December 31, 2018 and 2017, respectively, and are collateralized by the franchise.

Financing receivables primarily relate to IHOP franchise development activity prior to 2003 when IHOP typically leased or purchased the restaurant site, built and equipped the restaurant then franchised the restaurant to a franchisee. IHOP provided the financing for the franchise fee, leasing of the equipment and the leasing or subleasing of the site. Equipment lease contracts are due in equal weekly installments, primarily bear interest averaging 9.9% and 9.7% per annum at December 31, 2018 and 2017, respectively, and are collateralized by the equipment. The term of an equipment lease contract coincides with the term of the corresponding restaurant building lease. The IHOP franchise fee notes have a term of five to eight years and are due in equal weekly installments, primarily bear interest averaging 5.6% and 5.9% per annum at December 31, 2018 and 2017, respectively, and are collateralized by the franchise. Where applicable, franchise fee notes, equipment contracts and building leases contain cross-default provisions wherein a default under one constitutes a default under all. There is not a disproportionate concentration of credit risk in any geographic area.

The primary indicator of the credit quality of financing receivables is delinquency. As of December 31, 2018 and 2017, approximately $0.1 million and $0.1 million, respectively, of financing receivables were delinquent more than 90 days.

The following table summarizes the activity in the allowance for doubtful accounts and notes receivable:

<u>Allowance for Doubtful Accounts</u>	(In millions)
Balance at December 31, 2015	$ 1.2
Provision	2.8
Charge-offs	(0.9)
Balance at December 31, 2016	3.1
Provision	20.3
Charge-offs	(1.2)
Balance at December 31, 2017	22.2
Provision	10.3
Charge-offs	(15.3)
Balance at December 31, 2018	$ 17.2

As of December 31, 2018 and 2017, approximately $0.1 million and $0.1 million, respectively, of the allowance for doubtful accounts related to financing receivables.

5. Property and Equipment

Property and equipment by category is as follows:

	2018	2017
	(In millions)	
Leaseholds and improvements	$ 255.7	$ 252.2
Equipment and fixtures	90.1	90.1
Properties under capital lease	100.3	61.4
Buildings and improvements	57.9	57.9
Land	56.4	56.4
Construction in progress	3.7	1.8
Property and equipment, gross	564.1	519.8
Less: accumulated depreciation and amortization	(323.8)	(320.2)
Property and equipment, net	$ 240.3	$ 199.6

The Company recorded depreciation expense on property and equipment of $22.1 million, $20.6 million and $20.6 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Accumulated depreciation and amortization includes accumulated amortization for properties under capital lease in the amount of $46.2 million and $43.2 million at December 31, 2018 and 2017, respectively.

6. Goodwill

The significant majority of the Company's goodwill arose from the November 29, 2007 acquisition of Applebee's. Changes in the carrying amount of goodwill for the years ended December 31, 2018, 2017 and 2016 are as follows:

	Applebee's Franchise Unit	Applebee's Company Unit	IHOP Franchise Unit	Total
		(In millions)		
Balance at December 31, 2015	$ 686.6	$ —	$ 10.8	$ 697.4
Balance at December 31, 2016	686.6	—	10.8	697.4
Impairment	(358.2)	—	—	(358.2)
Balance at December 31, 2017	328.4	—	10.8	339.2
Acquisition of business	—	6.1	—	6.1
Balance at December 31, 2018	$ 328.4	$ 6.1	$ 10.8	$ 345.3

Gross and net carrying amounts of goodwill at December 31, 2018 and 2017 are as follows:

	December 31, 2018			December 31, 2017		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
			(In millions)			
Applebee's Franchise Unit	$ 686.6	$ (358.2)	$ 328.4	$ 686.6	$ (358.2)	$ 328.4
Applebee's Company Unit	6.1	—	6.1	—	—	—
IHOP Franchise Unit	10.8	—	10.8	10.8	—	10.8
Total	$ 703.5	$ (358.2)	$ 345.3	$ 697.4	$ (358.2)	$ 339.2

The Company assesses goodwill for impairment in accordance with its policy described in Note 2 - Basis of Presentation and Summary of Significant Accounting Policies.

In the fourth quarter of fiscal 2018, the Company performed a qualitative assessment of the goodwill of the Applebee's franchise unit and the IHOP franchise unit and concluded it was more-likely-than-not that the fair values exceeded the respective carrying amounts. In performing that analysis the Company considered, among other things, Applebee's key performance indicators during 2018 and what, if any, impact that performance had on the long-term forecast of future trends in sales, operating expenses, overhead expenses, depreciation, capital expenditures and changes in working capital that had been used in performing a quantitative impairment test in the third quarter of 2017. The Company also considered the current market price of its common stock, the favorable impact of the Tax Act on future cash flows and the impact these changes would have on an appropriate discount rate. As result of the qualitative test, the Company concluded it was not more likely than not that the fair value of the Applebee's franchise reporting unit is less than its carrying amount and therefore, a quantitative test of impairment was not necessary.

In December 2018, the Company acquired 69 Applebee's restaurants. The Company has provisionally completed the purchase price allocation as described in Note 18 - Acquisition of Business, of the Notes to the Consolidated Financial Statements, and has allocated $6.1 million of resulting goodwill to the Applebee's Company Unit.

In the third quarter of 2017, the Company noted that the decline in the market price of the Company's common stock since December 31, 2016, which the Company had believed to be temporary, persisted throughout the first eight months of 2017 and that the favorable trend in Applebee's domestic same-restaurant sales experienced in the second quarter of 2017 did not continue into the first two months of the third quarter of 2017. The Company also noted a continuing increase in Applebee's bad debt expense and in royalties not recognized in income until paid in cash. Additionally, the Company also determined an increasing shortfall in franchisee contributions to the Applebee's national advertising fund could require a larger amount of future subsidization in the form of additional franchisor contributions to the fund than previously estimated. Based on these unfavorable developments, the Company determined that indicators of impairment existed and that an interim test of goodwill for impairment should be performed in the third quarter of 2017.

In performing the quantitative test of goodwill, the Company primarily used the income approach method of valuation that included the discounted cash flow method and the market approach that included the guideline public company method to determine the fair value of goodwill and intangible assets. Significant assumptions used to determine fair value under the

6. Goodwill (Continued)

discounted cash flow model included expected future trends in sales, operating expenses, overhead expenses, capital expenditures and changes in working capital, along with an appropriate discount rate based on the Company's estimated cost of equity capital and after-tax cost of debt.

As a result of performing the quantitative test of impairment, the Company recognized an impairment of Applebee's goodwill of $358.2 million. The Company adopted the guidance in FASB Accounting Standards Update 2017-04 on January 1, 2017; accordingly, the amount of the goodwill impairment was determined as the amount by which the carrying amount of the goodwill exceeded the fair value of the Applebee's franchise reporting unit as estimated in the impairment test. The impairment of goodwill is not deductible for federal income tax purposes and therefore had no associated tax benefit.

In the fourth quarter of fiscal 2017, the Company performed a qualitative assessment of the goodwill of the Applebee's franchise unit and the IHOP franchise unit and concluded it was more-likely-than-not that the fair values exceeded the respective carrying amounts.

In the fourth quarter of fiscal 2016, the Company performed a quantitative test of the goodwill of the Applebee's franchise reporting unit and a qualitative test of the goodwill of the IHOP franchise unit and concluded it was more-likely-than-not that the fair values exceeded the respective carrying amounts.

7. Other Intangible Assets

The significant majority of the Company's other intangible assets arose from the November 29, 2007 acquisition of Applebee's. Changes in the carrying amount of intangible assets for the years ended December 31, 2018, 2017 and 2016 are as follows:

	Not Subject to Amortization		Subject to Amortization			
	Tradename	Other	Franchising Rights	Reacquired Franchise Rights	Leaseholds	Total
			(In millions)			
Balance at December 31, 2015	$ 652.4	$ 1.5	$ 119.0	$ —	$ —	$ 772.9
Amortization expense	—	—	(10.0)	—	—	(10.0)
Additions	—	0.5	—	—	—	0.5
Balance at December 31, 2016	652.4	2.0	109.0	—	—	763.4
Impairment	(173.4)	—	—		—	(173.4)
Amortization expense	—	—	(10.0)	—	—	(10.0)
Additions	—	0.4	—	—	2.4	2.8
Balance at December 31, 2017	479.0	2.4	99.0	—	2.4	582.8
Amortization expense	—	—	(10.0)	(0.1)	(0.0)	(10.1)
Additions	—	0.3	—	11.6	1.3	13.2
Balance at December 31, 2018	$ 479.0	$ 2.7	$ 89.0	$ 11.5	$ 3.7	$ 585.9

In December 2018, the Company acquired 69 Applebee's restaurants. The Company has provisionally completed the purchase price allocation as described in Note 18 - Acquisition of Business, of Notes to the Consolidated Financial Statements and has recorded $11.6 million of reacquired franchise rights as an intangible asset. In June 2017, the Company refranchised nine IHOP restaurants. As discussed in Note 20 - Refranchising of Company-operated Restaurants, of Notes to the Consolidated Financial Statements, the Company recorded a net intangible asset $2.4 million for below-market leases.

Annual amortization expense for the next five fiscal years is estimated to be approximately $11.1 million per year. The weighted average life of the intangible assets subject to amortization was 18.5 years and 20 years at December 31, 2018 and 2017, respectively.

Gross and net carrying amounts of intangible assets subject to amortization at December 31, 2018 and 2017 are as follows:

	December 31, 2018			December 31, 2017		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
			(In millions)			
Franchising rights	$ 200.0	$ (111.0)	$ 89.0	$ 200.0	$ (101.0)	$ 99.0
Reacquired Franchise Rights	11.6	(0.1)	11.5	—	—	—
Leaseholds	3.7	(0.0)	3.7	2.4	(0.0)	2.4
Total	$ 215.3	$ (111.1)	$ 104.2	$ 202.4	$ (101.0)	$ 101.4

The Company assessed the Applebee's tradename for impairment in accordance with its policy described in Note 2 - Basis of Presentation and Summary of Significant Accounting Policies. In the fourth quarter of fiscal 2018, the Company performed a quantitative assessment of the Applebee's tradename and concluded the fair value exceeded the carrying amount.

As discussed in Note 6 - Goodwill, the Company determined that indicators of impairment existed prior to the annual test for impairment and performed an interim quantitative test for impairment of Applebee's tradename in the third quarter of 2017. In performing the impairment test of the tradename, the Company used the relief of royalty method under the income approach method of valuation. Significant assumptions used to determine fair value under the relief of royalty method include future trends in sales, a royalty rate and a discount rate applied to the forecast revenue stream. As a result of performing this quantitative test, the Company recognized an impairment of Applebee's tradename of $173.4 million. The Company recognized a tax benefit of $65.1

million related to the impairment.

In the fourth quarter of fiscal 2016, the Company performed a quantitative assessment of the Applebee's tradename and concluded the fair value exceeded the carrying amount.

8. Long-Term Debt

Long-term debt consists of the following components:

	2018	2017
	(In millions)	
Series 2014-1 4.277% Fixed Rate Senior Secured Notes, Class A-2	$ 1,283.8	$ 1,296.8
Series 2018-1 Variable Funding Senior Notes Class A-1, at a variable interest rate of 4.93%as of December 31, 2018	25.0	—
Class A-2 Note debt issuance costs	(9.7)	(13.9)
Long-term debt, net of debt issuance costs	1,299.1	1,282.8
Current portion of long-term debt	(25.0)	(13.0)
Long-term debt	$ 1,274.1	$ 1,269.8

On September 30, 2014, Applebee's Funding LLC and IHOP Funding LLC (each a "Co-Issuer"), each a special purpose, wholly-owned indirect subsidiary of the Company issued $1.3 billion of Series 2014-1 4.277% Fixed Rate Senior Notes, Class A-2 (the "Class A-2 Notes") in an offering exempt from registration under the Securities Act of 1933, as amended. The Co-Issuers also entered into a revolving financing facility of Series 2014-1 Variable Funding Senior Notes Class A-1 (the "2014 Variable Funding Notes"), which allows for drawings of up to $100 million of Variable Funding Notes and the issuance of letters of credit. The Class A-2 Notes and the Variable Funding Notes are referred to collectively as the "Notes." The Notes were issued in a securitization transaction pursuant to which substantially all of our domestic revenue-generating assets and our domestic intellectual property, are held by the Co-Issuers and certain other special-purpose, wholly-owned indirect subsidiaries of the Company (the "Guarantors") that act as guarantors of the Notes and that have pledged substantially all of their assets to secure the Notes.

Class A-2 Notes

The Notes were issued under a Base Indenture, dated September 30, 2014 (the "Base Indenture") and the related Series 2014-1 Supplement to the Base Indenture, dated September 30, 2014 (the "Series 2014-1 Supplement"), among the Co-Issuers and Citibank, N.A., as the trustee (in such capacity, the "Trustee") and securities intermediary. The Base Indenture and the Series 2014-1 Supplement (collectively, the "Indenture") will allow the Co-Issuers to issue additional series of notes in the future subject to certain conditions set forth therein.

While the Notes are outstanding, payment of principal and interest is required to be made on the Class A-2 Notes on a quarterly basis. The quarterly principal payment of $3.25 million on the Class A-2 Notes may be suspended when the leverage ratio for the Company and its subsidiaries is less than or equal to 5.25x. In general, the leverage ratio is our indebtedness divided by adjusted EBITDA for the four preceding quarterly periods. The complete definitions of all calculation elements of the leverage ratio are contained in the Base Indenture filed as Exhibit 4.1 to Form 8-K filed with the SEC on October 3, 2014 ("Base Indenture"). Exceeding the leverage ratio of 5.25x does not violate any covenant related to the Notes. As of December 31, 2018, the Company's leverage ratio was 4.90x. The Company made four principal payments of $3.25 million during 2017.

The legal final maturity of the Class A-2 Notes is in September 2044, but it is anticipated that, unless earlier prepaid to the extent permitted under the Indenture, the Class A-2 Notes will be repaid in September 2021 (the "Class A-2 Anticipated Repayment Date"). If the Co-Issuers have not repaid or refinanced the Class A-2 Notes prior to the Class A-2 Anticipated Repayment Date, additional interest will accrue on the Class A-2 Notes equal to the greater of (i) 5.00% per annum and (ii) a per annum interest rate equal to the amount, if any, by which the sum of the following exceeds the Class A-2 Note interest rate: (A) the yield to maturity (adjusted to a quarterly bond-equivalent basis) on the Class A-2 Anticipated Repayment Date of the United States Treasury Security having a term closest to 10 years plus (B) 5.00% plus (C) 2.150%. Additionally, the Company's cash flow would become subject to a rapid amortization event as described below under "Covenants and Restrictions."

The Notes are secured by the collateral described below under "Guarantees and Collateral."

8. Long-Term Debt (Continued)

Variable Funding Notes

In connection with the issuance of the Class A-2 Notes, the Co-Issuers also entered into a revolving financing facility that allows for the drawings of up to $100 million of Variable Funding Notes and the issuance of letters of credit. The Variable Funding Notes were issued under the Indenture and allow for drawings on a revolving basis. On September 5, 2018 (the “Closing Date”), the Co-Issuers”) entered into a financing facility that allows for drawings of up to $225 million of variable funding notes on a revolving basis and the issuance of letters of credit (the “2018 Variable Funding Notes”). The 2018 Variable Funding Notes were issued under the Base Indenture and the Series 2018-1 Supplement to the Base Indenture, dated September 5, 2018, among the Co-Issuers and Citibank, N.A., as Trustee and the 2018-1 Securities Intermediary (“Series 2018-1 Supplement”). In connection therewith, the Company terminated the corresponding Class A-1 Note Purchase Agreement, dated September 30, 2014, among the Co-Issuers, certain special-purpose, wholly-owned indirect subsidiaries of the Corporation, each as a Guarantor, certain conduit investors, financial institutions and funding agents, and Cooperatieve Centrale Raiffeisen-Boerenleenbank, B.A., “Rabobank Nederland,” New York Branch, as provider of letters of credit, as swingline lender and as administrative agent (the “2014 Purchase Agreement”).

Drawings and certain additional terms related to the 2018 Variable Funding Notes are governed by the Class A-1 Note Purchase Agreement, dated September 5, 2018, among the Co-Issuers, certain special-purpose, wholly-owned indirect subsidiaries of the Company, each as a Guarantor, the Corporation, as manager, certain conduit investors, financial institutions and funding agents, and Barclays Bank PLC, as provider of letters credit, swingline lender and administrative agent (the “2018 Purchase Agreement”).

The 2018 Variable Funding Notes will be governed, in part, by the 2018 Purchase Agreement and by certain generally applicable terms contained in the Base Indenture and the Series 2018-1 Supplement. The applicable interest rate under the 2018 Variable Funding Notes depends on the type of borrowing by the Co-Issuers. The applicable interest rate for advances is generally calculated at a per annum rate equal to the commercial paper funding rate or one-, two-, three- or six-month Eurodollar Funding Rate, in either case, plus 2.15%. There is an upfront fee of 1% and a fee of 50 basis points on any unused portion of the 2018 Variable Funding Notes facility. The applicable interest rate for swingline advances and unreimbursed draws on outstanding letters of credit is a per annum base rate equal to the sum of (a) 1.15% plus (b) the greater of (i) the Prime Rate in effect from time to time, (ii) the Federal Funds Rate in effect from time to time plus 0.50% and (iii) the one-month Eurodollar Funding Rate plus 1.00%. Undrawn face amounts of outstanding letters of credit that are not cash collateralized accrue a fee of 2.15% per annum. It is anticipated that the principal and interest on the 2018 Variable Funding Notes will be repaid in full on or prior to September 7, 2021 (the “Anticipated Repayment Date”), subject to four additional one-year extensions at the option of the Company upon the satisfaction of certain conditions. The 2018 Variable Funding Notes and other credit instruments issued under the 2018 Purchase Agreement are secured by the collateral described in the Base Indenture and the Guarantee and Collateral Agreement, dated September 30, 2014, by certain special-purpose, wholly-owned indirect subsidiaries of the Company, each as a Guarantor, in favor of Citibank, N.A., as Trustee (the “Guarantee and Collateral Agreement”).

In connection with the above transaction, the Company also amended and restated the Management Agreement, dated September 30, 2014 (the “Management Agreement”), among the Co-Issuers, other securitization entities party thereto from time to time, the Company, Applebee’s Services, Inc. and International House of Pancakes, LLC as Sub-managers and Citibank, N.A., as Trustee, to revise the calculation of the weekly management fee and to make certain other revisions. The Company also amended the Base Indenture to, among other things, make certain administrative and definitional updates.

Prior to the termination of the 2014 Purchase Agreement referenced above, during fiscal 2018 the Company borrowed and repaid a total of $30.0 million of 2014 Variable Funding Notes, inclusive of $20.0 million repaid September 5, 2018 representing the entire then-outstanding principal amount of the 2014 Variable Funding Notes. The maximum amount of 2014 Variable Funding Notes outstanding during the year ended December 31, 2018 was $30.0 million and the weighted average interest rate on 2014 Variable Funding Notes outstanding during the year ended December 31, 2018 was 4.5%

During the year ended December 31, 2018 the Company borrowed $45.0 million in 2018 Variable Funding Notes and repaid $20.0 million, leaving $25.0 million outstanding at December 31, 2018. The maximum amount of 2018 Variable Funding Notes outstanding during the year ended December 31, 2018 was $25.0 million and the weighted average interest rate on the 2018 Variable Funding Notes for the period outstanding was approximately 4.9%. Additionally, at December 31, 2018, $3.1 million was pledged against the 2018 Variable Funding Notes for outstanding letters of credit, leaving $196.9 million of

8. Long-Term Debt (Continued)

2018 Variable Funding Notes available for borrowings. The letters of credit are used primarily to satisfy insurance-related collateral requirements.

Guarantees and Collateral

Under the Guarantee and Collateral Agreement dated September 30, 2014 (the "Guarantee and Collateral Agreement"), among the Guarantors in favor of the Trustee, the Guarantors guarantee the obligations of the Co-Issuers under the Indenture and related documents and secure the guarantee by granting a security interest in substantially all of their assets.

The Notes are secured by a security interest in substantially all of the assets of the Co-Issuers and the Guarantors (collectively, the "Securitization Entities"). On September 30, 2014, these assets (the "Securitized Assets") generally included substantially all of the domestic revenue-generating assets of the Corporation and its subsidiaries, which principally consist of franchise agreements, area license agreements, development agreements, franchisee fee notes, equipment leases, agreements related to the production and sale of pancake and waffle dry-mixes, owned and leased real property and intellectual property.

The Notes are obligations only of the Co-Issuers pursuant to the Indenture and are unconditionally and irrevocably guaranteed by the Guarantors pursuant to the Guarantee and Collateral Agreement. Except as described below, neither we nor any of our subsidiaries, other than the Securitization Entities, will guarantee or in any way be liable for the obligations of the Co-Issuers under the Indenture or the Notes.

Covenants and Restrictions

The Notes are subject to a series of covenants and restrictions customary for transactions of this type, including (i) that the Co-Issuers maintain specified reserve accounts to be used to make required payments in respect of the Notes, (ii) provisions relating to optional and mandatory prepayments, and the related payment of specified amounts, including specified make-whole payments in the case of the Class A-2 Notes under certain circumstances, (iii) certain indemnification payments in the event, among other things, the transfers of the assets pledged as collateral for the Notes are in stated ways defective or ineffective and (iv) covenants relating to recordkeeping, access to information and similar matters. The Notes are also subject to customary rapid amortization events provided for in the Indenture, including events tied to failure of the Securitization Entities to maintain the stated debt service coverage ("DSCR") ratio, the sum of domestic retail sales during the trailing twelve months for all restaurants being below $3.5 billion on quarterly measurement dates, certain manager termination events, certain events of default and the failure to repay or refinance the Notes on the Class A-2 Anticipated Repayment Date. The Notes are also subject to certain customary events of default, including events relating to non-payment of required interest, principal or other amounts due on or with respect to the Notes, failure of the Securitization Entities to maintain the stated debt service coverage ratio, failure to comply with covenants within certain time frames, certain bankruptcy events, breaches of specified representations and warranties and certain judgments.

The DSCR ratio is Net Cash Flow for the four quarters preceding the calculation date divided by the total debt service payments of the preceding four quarters. Failure to maintain a prescribed DSCR ratio can trigger a Cash Trapping Event, A Rapid Amortization Event, a Manager Termination Event or a Default Event as described below. In a Cash Trapping Event, the Trustee is required to retain a certain percentage of cash flow in a restricted account. In a Rapid Amortization Event, all excess Cash Flow is retained and used to retire principal amounts of debt. Key DSCR ratios are as follows:

- DSCR less than 1.75x but equal to or greater than 1.50x - Cash Trapping Event, 50% of Net Cash Flow
- DSCR less than 1.50x - Cash Trapping Event, 100% of Net Cash Flow
- DSCR less than 1.30x - Rapid Amortization Event
- DSCR less than 1.20x - Manager Termination Event
- DSCR less than 1.10x - Default Event

The DSCR for the reporting period ended December 31, 2018 was 4.58x.

Debt Issuance Costs

The Company incurred costs of approximately $24.3 million in connection with the issuance of the Notes. These debt issuance costs are being amortized using the effective interest method over estimated life of the Notes. Amortization of $3.4 million, $3.4 million and $3.2 million was included in interest expense for the years ended December 31, 2018, 2017 and 2016

8. Long-Term Debt (Continued)

respectively. Unamortized debt issuance costs are reported as a direct reduction of the Class A-2 Notes in the Consolidated Balance Sheets.

The Company incurred costs of approximately $3.7 million in connection with the establishment of the 2018 Variable Funding Notes facility. These debt issuance costs are being amortized using the effective interest method over the estimated three-year life of the 2018 Variable Funding Notes. Unamortized debt issuance costs of $3.3 million related to the 2018 Variable Funding Notes are reported as other long-term assets in the Consolidated Balance Sheets at December 31, 2018.

Debt Refinancing Costs

In connection with the termination referenced above of the 2014 Purchase Agreement, the Company recognized as expense $0.9 million of unamortized debt issuance costs associated with the 2014 Variable Funding Notes. In addition, the Company incurred costs of $1.6 million associated with the evaluation of various alternatives for refinancing our securitized indebtedness that were also charged to expense. These costs totaling $2.5 million are reported as “Debt refinancing costs” in the Consolidated Statements of Comprehensive Income (Loss).

Maturities of Long-term Debt

The Class A-2 Anticipated Repayment Date is September 2021. Assuming the Company's leverage ratio remains greater than 5.25x, the entire face-value maturity of $1.3 billion of Class A-2 Notes is due in 2021.

9. Financing Obligations

On May 19, 2008, the Company entered into a Purchase and Sale Agreement relating to the sale and leaseback of 181 parcels of real property (the “Sale-Leaseback Transaction”), each of which is improved with a restaurant operating as an Applebee's Neighborhood Grill and Bar (the “Properties”). On June 13, 2008, the closing date of the Sale-Leaseback Transaction, the Company entered into a Master Land and Building Lease (“Master Lease”) for the Properties. The proceeds received from the transaction were $337.2 million. The Master Lease calls for an initial term of twenty years and four, five-year options to extend the term.

The Company has an ongoing obligation related to the Properties until such time as the lease related to each of the Properties is assigned to a qualified franchisee in a transaction meeting certain parameters set forth in the Master Lease. Due to this continuing involvement, the Sale-Leaseback Transaction was recorded under the financing method in accordance with U.S. GAAP. Accordingly, the value of the land and leasehold improvements will remain on the Company's books and the leasehold improvements will continue to be depreciated over their remaining useful lives. The net proceeds received were recorded as a financing obligation. A portion of the lease payments is recorded as a decrease to the financing obligation and a portion is recognized as interest expense. In the event the lease obligation of any individual property or group of properties is assumed by a qualified franchisee, the Company's continuing involvement will cease. At that time, that portion of the transaction related to that property or group of properties is recorded as a sale in accordance with U.S. GAAP and the net book value of those properties will be removed from the Company's books, along with a ratable portion of the remaining financing obligation.

As of December 31, 2018, the Company's continuing involvement with 155 of the 181 Properties ended by assignment of the lease obligation to a qualified franchisee or a release from the lessor. In accordance with the accounting described above, the transactions related to these properties have been recorded as a sale with property and equipment and financing obligations each cumulatively reduced by approximately $280.0 million.

9. Financing Obligations (Continued)

As of December 31, 2018, future minimum lease payments under financing obligations during the initial terms of the leases related to the sale-leaseback transactions are as follows:

Fiscal Years	(In millions)
2019	$ 5.1
2020[1]	5.6
2021	5.1
2022	5.1
2023	5.0
Thereafter	50.4
Total minimum lease payments	76.3
Less: interest	(37.2)
Total financing obligations	39.1
Less: current portion[2]	(0.6)
Long-term financing obligations	$ 38.5

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[1] Due to the varying closing date of the Company's fiscal year, 13 monthly payments will be made in 2020.
[2] Included in current maturities of capital lease and financing obligations on the consolidated balance sheet.

10. Leases

The Company is the lessor or sub-lessor of properties on which approximately 680 domestic IHOP franchise restaurants are located. The restaurants are subleased to IHOP franchisees or in a few instances were operated by the Company or an Applebee's franchisee. These noncancelable leases and subleases consist primarily of land, buildings and improvements. The Company is also the lessee of properties on which 69 Applebee's restaurants and two office facilities are located.

The following is the Company's net investment in direct financing lease receivables:

	December 31, 2018	December 31, 2017
	(In millions)	
Total minimum rents receivable	$ 57.3	$ 74.5
Less: unearned income	(12.4)	(18.8)
Net investment in direct financing leases receivable	44.9	55.7
Less: current portion	(11.2)	(10.8)
Long-term direct financing leases receivable	$ 33.7	$ 44.9

Contingent rental income, which is the amount above and beyond base rent, for the years ended December 31, 2018, 2017 and 2016 was $14.3 million, $14.0 million and $15.4 million, respectively.

The following is the Company's net investment in equipment leases receivable:

	December 31, 2018	December 31, 2017
	(In millions)	
Total minimum leases receivable	$ 89.9	$ 106.4
Less: unearned income	(24.1)	(27.1)
Net investment in equipment leases receivable	65.8	79.3
Less: current portion	(8.5)	(8.2)
Long-term equipment leases receivable	$ 57.3	$ 71.1

10. Leases (Continued)

The following are minimum future lease payments on noncancelable leases as lessee at December 31, 2018:

	Capital Leases	Operating Leases
	(In millions)	
2019	$ 21.0	$ 91.2
2020[1]	19.3	92.8
2021	16.2	75.7
2022	14.3	67.6
2023	11.6	55.2
Thereafter	63.4	210.5
Total minimum lease payments	145.8	$ 593.0
Less: interest	(44.6)	
Capital lease obligations	101.2	
Less: current portion[2]	(13.4)	
Long-term capital lease obligations	$ 87.8	

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[1] Due to the varying closing date of the Company's fiscal year, 13 monthly payments will be made in fiscal 2020.

[2] Included in current maturities of capital lease and financing obligations on the consolidated balance sheet.

The asset cost and carrying amount on company-owned property leased at December 31, 2018 was $89.0 million and $58.8 million, respectively. The asset cost and carrying amount on company-owned property leased at December 31, 2017, was $89.0 million and $60.0 million, respectively. The asset cost and carrying amounts represent the land and building asset values and net book values on sites leased to franchisees.

The minimum future lease payments shown above have not been reduced by the following future minimum rents to be received on noncancelable subleases and leases of owned property at December 31, 2018:

	Direct Financing Leases	Operating Leases
	(In millions)	
2019	$ 16.2	$ 105.9
2020[1]	14.8	106.3
2021	11.7	100.2
2022	8.2	96.2
2023	3.5	91.8
Thereafter	2.9	271.8
Total minimum rents receivable	$ 57.3	$ 772.2

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[1] Due to the varying closing date of the Company's fiscal year, 13 monthly payments will be made in fiscal 2020.

The Company has noncancelable leases, expiring at various dates through 2057, which require payment of contingent rents based upon a percentage of sales of the related restaurant as well as property taxes, insurance and other charges. Subleases to franchisees of properties under such leases are generally for the full term of the lease obligation at rents that include the Company's obligations for property taxes, insurance, contingent rents and other charges. Generally, the noncancelable leases include renewal options. Contingent rent expense for all noncancelable leases for the years ended December 31, 2018, 2017 and 2016 was $2.7 million, $2.6 million and $3.0 million, respectively. Minimum rent expense for all noncancelable operating leases for the years ended December 31, 2018, 2017 and 2016 was $80.8 million, $73.0 million and $76.5 million, respectively.

11. Commitments and Contingencies

Purchase Commitments

In some instances, the Company enters into commitments to purchase advertising and other items. Most of these agreements are fixed price purchase commitments. At December 31, 2018, the outstanding purchase commitments were $171.3 million, the majority of which related to advertising.

11. Commitments and Contingencies (Continued)

Lease Guarantees

In connection with the sale of Applebee's restaurants to franchisees and other parties, the Company has, in certain cases, guaranteed or had potential continuing liability for lease payments. The Company had outstanding lease guarantees or was contingently liable for approximately $284.3 million and $313.9 million as of December 31, 2018 and 2017 respectively. These amounts represent the maximum potential liability of future payments under these leases. Excluding unexercised option periods, the Company's potential liability for future payments under these leases as of December 31, 2018 was $44.7 million. These leases have been assigned to the buyers and expire at the end of the respective lease terms, which range from 2019 through 2048. In the event of default, the indemnity and default clauses in our sale or assignment agreements govern our ability to pursue and recover damages incurred. No material liabilities for these guarantees have been recorded as of December 31, 2018.

Litigation, Claims and Disputes

The Company is subject to various lawsuits, governmental inspections, administrative proceedings, audits, and claims arising in the ordinary course of business. Some of these lawsuits purport to be class actions and/or seek substantial damages. The Company is required to record an accrual for litigation loss contingencies that are both probable and reasonably estimable. Legal fees and expenses associated with the defense of all of the Company's litigation are expensed as such fees and expenses are incurred. In the opinion of management, these matters are adequately covered by insurance or, if not so covered, are without merit or are of such a nature or involve amounts that would not have a material adverse impact on the Company's business or consolidated financial statements. Management regularly assesses the Company's insurance deductibles, analyzes litigation information with the Company's attorneys and evaluates its loss experience in connection with pending legal proceedings. While the Company does not presently believe that any of the legal proceedings to which the Company is currently a party will ultimately have a material adverse impact on the Company, there can be no assurance that the Company will prevail in all the proceedings the Company is party to, or that the Company will not incur material losses from them.

Letters of Credit

The Company provides letters of credit, primarily to various insurance carriers to collateralize obligations for outstanding claims. As of December 31, 2018, the Company had approximately $3.1 million of unused letters of credit outstanding that reduce the Company's available borrowing under its 2018 Variable Funding Notes. These letters of credit expire on various dates in 2019 and are automatically renewed for an additional year if no cancellation notice is submitted.

12. Stockholders' Deficit

Stock Repurchase Programs

On October 1, 2015, the Company's Board of Directors approved a stock repurchase program authorizing the Company to repurchase up to $150 million of its common stock (the “2015 Repurchase Program”) on an opportunistic basis from time to time in open market transactions and in privately negotiated transactions based on business, market, applicable legal requirements and other considerations. The Company has repurchased 1,479,496 shares of stock for $117.8 million under the 2015 Repurchase Program. The Company may repurchase up to an additional $32.2 million of common stock under the 2015 Repurchase Program.

Shares repurchased under the 2015 Repurchase Program during the fiscal years ended December 31, 2018, 2017 and 2016 are summarized as follows:

Year Ended December 31,	Repurchases		Remaining Value that may be Repurchased
	Shares	Amount	
		(Dollars in millions)	
2018	478,839	$ 34.9	$ 32.2
2017	145,786	$ 10.0	$ 67.1
2016	650,384	$ 55.3	$ 77.1

In February 2019, the Company’s Board of Directors approved a stock repurchase program authorizing the Company to repurchase up to $200 million of the Company’s common stock (“2019 Repurchase Program”) on an opportunistic basis from time to time in the open market or in privately negotiated transactions based on business, market, applicable legal requirements and other considerations. The 2019 Repurchase Program, as approved by the Board of Directors, does not require the

12. Stockholders' Deficit (Continued)

repurchase of a specific number of shares and can be terminated at any time. In connection with the approval of the 2019 Repurchase Program, the Board of Directors terminated the prior repurchase program approved in October 2015 which had authorized the Company to repurchase up to $150 million of the Company's common stock.

Dividends

During the fiscal years ended December 31, 2018, 2017 and 2016, the Company declared and paid dividends on common stock as follows:

Year ended December 31, 2018	**Declaration Date**	**Payment Date**	**Dividends declared per share**	**Dividends paid per share**	**Total dividends paid[1]**
					(In millions)
Payment of prior year declaration	(3)	January 5, 2018	—	$ 0.97	$ 17.7
First quarter	February 14, 2018	April 6, 2018	$ 0.63	0.63	11.5
Second quarter	May 14, 2018	July 6, 2018	0.63	0.63	11.4
Third quarter	August 2, 2018	October 5, 2018	0.63	0.63	11.4
Fourth quarter	October 6, 2018	(2)	0.63	—	—
Total			$ 2.52	$ 2.86	$ 52.0
Year ended December 31, 2017					
Payment of prior year declaration	(4)	January 6, 2017	—	$ 0.97	$ 17.5
First quarter	February 22, 2017	April 7, 2017	$ 0.97	0.97	17.5
Second quarter	May 15, 2017	July 7, 2017	0.97	0.97	17.5
Third quarter	August 10, 2017	October 6, 2017	0.97	0.97	17.8
Fourth quarter	October 6, 2017	(3)	0.97	—	—
Total			$ 3.88	$ 3.88	$ 70.3
Year ended December 31, 2016					
Payment of prior year declaration	(5)	January 8, 2016	$ —	$ 0.92	$ 17.1
First quarter	February 23, 2016	April 8, 2016	$ 0.92	0.92	17.0
Second quarter	May 16, 2016	July 8, 2016	0.92	0.92	16.8
Third quarter	July 28, 2016	October 7, 2016	0.92	0.92	16.7
Fourth quarter	October 31, 2016	(4)	0.97	—	—
Total			$ 3.73	$ 3.68	$ 67.6

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(1) Includes dividend equivalents paid on restricted stock units

(2) The fourth quarter 2018 dividend of $11.4 million was paid on January 4, 2019.

(3) The fourth quarter 2017 dividend of $17.7 million was paid on January 5, 2018.

(4) The fourth quarter 2016 dividend of $17.5 million was paid on January 6, 2017.

(5) The fourth quarter 2015 dividend of $17.1 million was paid on January 8, 2016.

Dividends declared on common stock are recorded as a reduction of retained earnings to the extent retained earnings are available at the close of the period prior to the date of the declared dividend. Dividends in excess of retained earnings are recorded as a reduction of additional paid-in capital. Dividends recorded during the fiscal years ended December 31, 2018, 2017 and 2016 were as follows:

	Year Ended December 31,		
	2018	**2017**	**2016**
		(In millions)	
Dividends declared from retained earnings	$ —	$ (52.6)	$ (67.8)
Dividends declared from additional paid-in capital	$ (44.7)	$ (17.7)	$ —

On February 20, 2019, our Board of Directors approved payment of a cash dividend of $0.69 per share of common stock, payable at the close of business on April 5, 2019 to the stockholders of record as of the close of business on March 20, 2019.

12. Stockholders' Deficit (Continued)

Treasury Stock

Repurchases of the Company's common stock are included in treasury stock at the cost of shares repurchased plus any transaction costs. Treasury stock may be re-issued when vested stock options are exercised, when restricted stock awards are granted and when restricted stock units settle in stock upon vesting. The cost of treasury stock re-issued is determined on the first-in, first-out ("FIFO") method. The Company re-issued $167,396 shares, $281,185 shares and $136,818 shares, respectively, during the years ended December 31, 2018, 2017 and 2016 at a total FIFO cost of $6.5 million, $10.1 million and $4.9 million, respectively.

13. Closure and Other Impairment Charges

Closure and other impairment charges for the years ended December 31, 2018, 2017 and 2016 were as follows:

	Year Ended December 31,		
	2018	2017	2016
	(In millions)		
Closure charges	$ 2.0	$ 3.9	$ 1.2
Kansas City lease exit costs	—	—	2.9
Long-lived tangible asset impairment	0.1	0.1	1.0
Total closure and impairment charges	$ 2.1	$ 4.0	$ 5.1

Closure Charges

Approximately $1.8 million of closure charges for the year ended December 31, 2018 related to one IHOP franchise restaurant closed during 2018, with the remainder primarily related to adjustments to the estimated reserve for IHOP and Applebee's restaurants closed prior to 2017. Approximately $2.2 million of closure charges for the year ended December 31, 2017 related to one IHOP company-operated restaurant closed during 2017, with the remainder primarily related to adjustments to the estimated reserve for IHOP and Applebee's restaurants closed prior to 2017. Approximately $0.7 million of closure charges for the year ended December 31, 2016 related to one IHOP franchise restaurant closed during 2016, with the rest of the charges related to adjustments to the estimated reserve for IHOP and Applebee's restaurants closed prior to 2016.

Kansas City Lease Exit Costs

The Company incurred costs of $2.9 million for the year ended December 31, 2016 to exit a facility in connection with a consolidation of the Company's offices. Approximately $2.5 million related to the outright termination of a lease covering two floors of the facility and $0.4 million represents the present value of future lease payments, net of assumed sublease rentals, of one floor of the facility.

Long-lived Tangible Asset Impairment

Long-lived tangible asset impairment charges for the years ended December 31, 2018 and 2017 were not significant. Long-lived tangible asset impairment charges for the year ended December 31, 2016 comprised a charge of $0.6 million for one IHOP company-operated restaurant and charges totaling $0.4 million of individually insignificant charges at eight IHOP company-operated restaurants.

14. Stock-Based Incentive Plans

General Description

Currently, the Company is authorized to grant stock options, stock appreciation rights, restricted stock, cash-settled and stock-settled restricted stock units and performance units to officers, other employees and non-employee directors under the Dine Brands Global, Inc. 2016 Stock Incentive Plan (the "2016 Plan"). The 2016 Plan was approved by stockholders on May 17, 2016 and permits the issuance of up to 3,750,000 shares of the Company's common stock for incentive stock awards. The 2016 Plan will expire in May 2026.

The DineEquity, Inc. 2011 Stock Incentive Plan (the "2011 Plan") was adopted in 2011 to permit the issuance of up to 1,500,000 shares of the Company's common stock for incentive stock awards. The 2011 Plan was terminated upon adoption of the 2016 Plan, but there are stock options, restricted stock and restricted stock units issued under the 2011 Plan that are outstanding as of December 31, 2018.

14. Stock-Based Incentive Plans (Continued)

The IHOP Corp. 2001 Stock Incentive Plan (the "2001 Plan") was adopted in 2001 and amended and restated in 2005 and 2008 to authorize the issuance of up to 4,200,000 shares of common stock. The 2001 Plan has expired but there are stock options issued under the 2001 Plan outstanding as of December 31, 2018.

The 2016 Plan, the 2011 Plan and the 2001 Plan are collectively referred to as the "Plans."

Stock-Based Compensation Expense

From time to time, the Company has granted nonqualified stock options, restricted stock, cash-settled and stock-settled restricted stock units and performance units to officers, other employees and non-employee directors of the Company under the Plans. The nonqualified stock options generally vest ratably over a three-year period in one-third increments and have a maturity of ten years from the grant date. Options vest immediately upon a change in control of the Company, as defined in the Plans. Option exercise prices equal the closing price of the Company's common stock on the New York Stock Exchange on the date of grant. Restricted stock and restricted stock units are issued at no cost to the holder and vest over terms determined by the Compensation Committee of the Company's Board of Directors, generally three years from the date of grant or immediately upon a change in control of the Company, as defined in the Plans. The Company either utilizes treasury stock or issues new shares from its authorized but unissued share pool when vested stock options are exercised, when restricted stock awards are granted and when restricted stock units settle in stock upon vesting.

The following table summarizes the Company's stock-based compensation expense included as a component of general and administrative expenses in the consolidated financial statements:

	Year Ended December 31,		
	2018	2017	2016
		(In millions)	
Total stock-based compensation expense:			
Equity classified awards expense	$ 10.6	$ 10.9	$ 11.0
Liability classified awards (credit)	3.1	(1.0)	(0.5)
Total pretax stock-based compensation expense	13.7	9.9	10.5
Book income tax benefit	(3.5)	(3.8)	(3.9)
Total stock-based compensation expense, net of tax	$ 10.2	$ 6.1	$ 6.6

As of December 31, 2018, total unrecognized compensation cost related to restricted stock and restricted stock units of $19.1 million and $3.6 million related to stock options is expected to be recognized over a weighted average period of approximately 1.7 years for restricted stock and restricted stock units and 1.5 years for stock options.

Equity Classified Awards - Stock Options

The per share fair values of the stock options granted have been estimated as of the date of grant using the Black-Scholes option pricing model. The Black-Scholes model considers, among other factors, the expected life of the option and the historical volatility of the Company's stock price. The Black-Scholes model meets the requirements of U.S. GAAP, but the fair values generated by the model may not be indicative of the actual fair values of the Company's stock-based awards. The following table summarizes the assumptions used to value options granted in the respective periods:

The Company granted 223,570 stock options during the year ended December 31, 2018 for which the fair value was estimated using a Black-Scholes option pricing model. The following summarizes the assumptions used in the Black-Scholes model:

	2018	2017	2016
Risk free interest rate	2.6%	1.9%	1.1%
Weighted average historical volatility	26.1%	22.9%	27.1%
Dividend yield	3.6%	7.3%	4.0%
Expected years until exercise	4.6	4.5	4.5
Weighted average fair value of options granted	$ 11.94	$ 4.31	$ 13.55

14. Stock-Based Incentive Plans (Continued)

The Company granted 25,330 performance-based stock options and 55,245 performance-based restricted stock units during the year ended December 31, 2018. The Company granted 350,000 performance-based stock options and 175,000 performance-based restricted stock units during the year ended December 31, 2017. Fair value of these grants was estimated using a Monte Carlo simulation method. The following summarizes the assumptions used in estimating the fair values:

	2018	2017
Risk free interest rate	2.5%	1.6%
Weighted average historical volatility	34.4%	30.0%
Dividend yield	3.4%	9.6%
Expected years until exercise	3.0	3.4
Weighted average fair value of options granted	$ 9.79	$ 3.07
Weighted average fair value of restricted stock units granted	$ 53.72	$ 10.19

Stock option activity for the years ended December 31, 2018, 2017 and 2016 is summarized as follows:

	Number of Shares Under Option	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value (in Millions)
Outstanding at December 31, 2015	504,462	$ 69.99		
Granted	255,825	90.90		
Exercised	(48,021)	29.33		
Forfeited	(7,924)	94.30		
Expired	(3,208)	89.17		
Outstanding at December 31, 2016	701,134	80.04		
Granted	887,030	48.35		
Exercised	(64,916)	40.59		
Forfeited	(171,847)	65.82		
Expired	(79,353)	87.02		
Outstanding at December 31, 2017	1,272,048	61.44		
Granted	248,899	69.12		
Exercised	(74,930)	52.43		
Forfeited	(6,309)	68.80		
Expired	—	—		
Outstanding at December 31, 2018	1,439,708	$ 63.21	6.6	$ 15.9
Vested and Expected to Vest at December 31, 2018	1,301,066	$ 64.62	6.4	$ 13.4
Exercisable at December 31, 2018	571,768	$ 77.73	3.6	$ 2.9

The total intrinsic value of options exercised during the years ended December 31, 2018, 2017 and 2016 was $2.4 million, $1.4 million and $2.7 million, respectively.

Cash received from options exercised under all stock-based payment arrangements for the years ended December 31, 2018, 2017 and 2016 was $3.9 million, $2.6 million and $1.4 million, respectively. The actual tax benefit realized for the tax deduction from option exercises under the stock-based payment arrangements totaled $0.6 million, $0.5 million and $1.0 million, respectively, for the years ended December 31, 2018, 2017 and 2016.

14. Stock-Based Incentive Plans (Continued)

Equity Classified Awards - Restricted Stock and Restricted Stock Units

Activity in equity classified awards of restricted stock and restricted stock units for the years ended December 31, 2018, 2017 and 2016 is as follows:

	Shares of Restricted Stock	Weighted Average Grant-Date Per Share Fair Value	Restricted Stock Units	Weighted Average Grant-Date Per Share Fair Value
Outstanding at December 31, 2015	257,594	$ 89.99	35,116	$ 86.30
Granted	88,797	88.90	13,053	90.90
Released	(77,712)	78.70	(14,027)	72.01
Forfeited	(33,207)	92.82	(84)	101.25
Outstanding at December 31, 2016	235,472	92.91	34,058	93.95
Granted	216,269	51.89	281,973	22.37
Released	(92,968)	88.62	(12,683)	81.63
Forfeited	(83,582)	79.52	—	—
Outstanding at December 31, 2017	275,191	65.97	303,348	28.39
Granted	92,466	69.20	86,990	57.21
Released	(74,253)	81.07	(15,737)	98.54
Forfeited	(26,162)	61.27	(72)	53.49
Outstanding at December 31, 2018	267,242	$ 63.35	374,529	$ 31.05

Liability Classified Awards - Cash-settled Restricted Stock Units

The Company has granted cash-settled restricted stock units to certain employees. These instruments are recorded as liabilities at fair value as of the respective period end. For the year ended December 31, 2018, 59,686 units were issued, 702 units were vested and 5,218 units were forfeited. At December 31, 2018, there were 53,766 units outstanding. For the year ended December 31, 2018, $0.8 million was included as stock-based compensation expense related to cash-settled restricted stock units.

Liability Classified Awards

The Company has granted cash long-term incentive awards to certain employees ("LTIP awards"). Annual LTIP awards vest over a three-year period and are primarily determined using a multiplier from 0% to 200% of the target award based on the total shareholder return of the Company's common stock compared to the total shareholder returns of a peer group of companies. Though LTIP awards are only paid in cash, since the multiplier is primarily based on the price of the Company's common stock, the awards are considered stock-based compensation in accordance with U.S. GAAP and are classified as liabilities. For the years ended December 31, 2018, expense of $2.3 million was included in stock-based compensation expense related to the LTIP awards. For the years ended December 31, 2017 and 2016, credits of $1.0 million and $0.5 million, respectively, were included in stock-based compensation expense related to the LTIP awards. At December 31, 2018 and 2017, liabilities of $2.4 million and $0.2 million, respectively, were included as accrued employee compensation and benefits in the Consolidated Balance Sheets.

15. Employee Benefit Plans

401(k) Savings and Investment Plan

Effective January 1, 2013, the Company amended the Dine Brands Global, Inc. 401(k) Plan to (i) modify the Company matching formula and (ii) eliminate the one-year completed service requirement that previously had to be met to become eligible for Company matching contributions. As amended, the Company matches 100% of the first four percent of the employee's eligible compensation deferral and 50% of the next two percent of the employee's eligible compensation deferral. All contributions under this plan vest immediately. Company common stock is not an investment option for employees in the 401(k) Plan, other than shares transferred from a prior employee stock ownership plan. Substantially all of the administrative cost of the 401(k) plan is borne by the Company. The Company's matching contribution expense was $2.4 million, $2.3 million and $2.2 million for the years ended December 31, 2018, 2017 and 2016

16. Income Taxes

The provision (benefit) for income taxes for the years ended December 31, 2018, 2017 and 2016 was as follows:

	Year Ended December 31,		
	2018	2017	2016
Provision (benefit) for income taxes:	(In millions)		
Current			
Federal	$ 33.6	$ 42.6	$ 60.8
State	6.4	5.1	6.4
Foreign	2.1	2.9	2.3
	42.1	50.6	69.5
Deferred			
Federal	(7.8)	(131.0)	(9.5)
State	(4.0)	(5.1)	(3.2)
	(11.8)	(136.1)	(12.7)
Provision (benefit) for income taxes	$ 30.3	$ (85.6)	$ 56.8

The provision (benefit) for income taxes differs from the expected federal income tax rates as follows:

	Year Ended December 31,		
	2018	2017	2016
Statutory federal income tax rate	21.0 %	35.0 %	35.0 %
Non-deductibility of goodwill impairment	—	(29.3)	—
Change in federal tax rate	—	15.5	—
State and other taxes, net of federal tax benefit	3.6	0.4	2.7
Change in unrecognized tax benefits	3.3	(0.7)	0.4
Change in valuation allowance	0.4	0.3	—
Domestic production activity deduction	—	0.3	(0.6)
Changes in tax rates and state tax laws	(1.6)	(0.3)	(1.7)
Change in accounting for excess tax deficiencies/benefits	0.1	(0.5)	—
Other	0.6	(0.7)	0.2
Effective tax rate	27.4 %	20.0 %	36.0 %

The Company applied a lower state tax rate to the deferred tax balances during fourth quarter of 2018, a result of the state legislative changes and the acquisition of 69 Applebee's restaurants in December 2018. The change in the state tax rate applied to the deferred tax balances lowered the 2018 effective tax rate by 1.6%.

The Company recognized a $358.2 million impairment of goodwill during the third quarter of 2017 that was not deductible for federal income tax purposes and therefore had no associated tax benefit. The impairment of goodwill lowered the 2017 effective tax rate by 29.3%. Additionally, the Company was required to revalue its deferred taxes at the federal tax rate of 21% in accordance with the Tax Cuts and Jobs Act (the "Tax Act"). The change in the federal tax rate applied to the deferred tax balances increased the 2017 effective tax rate by 15.5%.

The Company applied a lower state tax rate to the deferred tax balances during second quarter of 2016, a result of the consolidation of company offices. The change in the state tax rates applied to the deferred tax balances lowered the 2016 effective tax rate by 1.7%.

The Company files federal income tax returns and the Company or one of its subsidiaries file income tax returns in various state and international jurisdictions. With few exceptions, the Company is no longer subject to federal, state or non-United States tax examinations by tax authorities for years before 2011. The Internal Revenue Service ("IRS") commenced examination of the Company's U.S. federal income tax return for the tax years 2011 to 2013 in fiscal year 2016. The examination is anticipated to conclude during fiscal year 2019. The Company continues to believe that adequate reserves have been provided relating to all matters contained in the tax periods open to examination.

Note 16. Income Taxes (Continued)

Net deferred tax assets (liabilities) consisted of the following components:

	2018	2017
	(In millions)	
Differences in capitalization and depreciation and amortization of reacquired franchises and equipment	$ —	$ —
Differences in acquisition financing costs	—	0.1
Employee compensation	9.0	7.6
Deferred gain on sale of assets	—	0.7
Book/tax difference in revenue recognition	34.3	14.2
Other	16.8	42.2
Deferred tax assets	60.1	64.8
Valuation allowance	(0.4)	—
Total deferred tax assets after valuation allowance	59.7	64.8
Differences between financial and tax accounting in the recognition of franchise and equipment sales	(16.8)	(20.7)
Differences in capitalization and depreciation [1]	(139.2)	(147.5)
Differences in acquisition financing costs	(0.6)	—
Book/tax difference in revenue recognition	—	(2.4)
Differences between book and tax basis of property and equipment	(8.1)	(8.5)
Other	(0.8)	(3.5)
Deferred tax liabilities	(165.5)	(182.6)
Net deferred tax liabilities	$ (105.8)	$ (117.8)

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[1] Primarily related to the 2007 Applebee's acquisition.

As of each reporting date, the Company's management considers new evidence, both positive and negative, that could impact management's view with regards to future realization of deferred tax assets. As of December 31, 2018, management determined it is more likely than not that the benefit from foreign tax credit carryforward will not be realized. In recognition of this risk, management provided a valuation allowance of $0.4 million on the deferred tax assets related to the foreign tax credit carryforward.

The Company had gross operating loss carryforwards for state tax purposes of $0.4 million and $0.6 million as of December 31, 2018 and 2017, respectively. The net operating loss carryforwards may begin to expire between 2019 and 2035 for state tax purposes.

The total gross unrecognized tax benefit as of December 31, 2018 and 2017 was $5.2 million and $5.9 million, respectively, excluding interest, penalties and related income tax benefits. If recognized, these amounts would affect the Company's effective income tax rates.

The Company estimates the unrecognized tax benefits may decrease over the upcoming 12 months by an amount up to $1.0 million related to settlements with taxing authorities and the lapse of statutes of limitations. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Year Ended December 31,		
	2018	2017	2016
Unrecognized tax benefit as of January 1	$ 5.9	$ 3.9	$ 3.9
Changes for tax positions of prior years	3.8	2.8	0.6
Increases for tax positions related to the current year	0.4	0.6	0.1
Decreases relating to settlements and lapsing of statutes of limitations	(4.9)	(1.4)	(0.7)
Unrecognized tax benefit as of December 31	$ 5.2	$ 5.9	$ 3.9

As of December 31, 2018, the accrued interest was $1.1 million and accrued penalties were less than $0.1 million, excluding any related income tax benefits. As of December 31, 2017, the accrued interest and penalties were $1.1 million and less than $0.1 million, respectively, excluding any related income tax benefits. The Company recognizes interest accrued related to unrecognized tax benefits and penalties as a component of the income tax provision recognized in the Consolidated Statements of Comprehensive (Loss) Income.

17. Net Income (Loss) Per Share

The computation of the Company's basic and diluted net income (loss) per share is as follows:

	Year Ended December 31,		
	2018	2017	2016
	(In thousands, except per share data)		
Numerator for basic and diluted income per common share:			
Net income (loss)	$ 80,354	$ (342,750)	$ 101,002
Less: Net (income) loss allocated to unvested participating restricted stock	(2,711)	6,768	(1,430)
Net income (loss) available to common stockholders - basic	77,643	(335,982)	99,572
Effect of unvested participating restricted stock	16	—	2
Numerator - net income (loss) available to common shareholders - diluted	$ 77,659	$ (335,982)	$ 99,574
Denominator:			
Weighted average outstanding shares of common stock - basic	17,533	17,725	18,030
Effect of dilutive securities:			
Stock options	256	15	95
Weighted average outstanding shares of common stock - diluted	17,789	17,740	18,125
Net income (loss) per common share:			
Basic	$ 4.43	$ (18.96)	$ 5.52
Diluted	$ 4.37	$ (18.96)	$ 5.49

18. Acquisition of Business

In December 2018, the Company acquired 69 Applebee's restaurants in North and South Carolina from an Applebee's franchisee for a total purchase price of $21.6 million. The Company entered into the transaction to resolve certain franchisee health issues in what the Company believes was the most expedient and favorable was for the Company. Indirect costs of $1.1 million related to the transaction were charged as general and administrative expenses.

The following table summarizes the preliminary estimated fair values of the assets acquired and liabilities assumed at the acquisition date:

	2018
	(In millions)
Reacquired franchise rights	$ 11.6
Equipment and fixtures	10.0
Inventory	1.4
Total identifiable assets acquired	23.0
Above-market leaseholds, net	(6.5)
Other liabilities	(1.0)
Net identifiable assets acquired	15.5
Goodwill	6.1
Consideration transferred	$ 21.6

The net liability for above-market leaseholds in included in other non-current liabilities in the Consolidated Balance Sheet and will be amortized over a weighted average life of 11 years.

The purchase price allocation is preliminary, subject to finalization of certain transition cut-off adjustments typical with transactions of this nature. There are no significant unresolved contingencies. The Company does not expect there will be material adjustments to the preliminary purchase price allocation.

The results of operation of these restaurants are included in the Company's consolidated results from the acquisition date. The Company has not presented pro forma results of the restaurants for periods prior to the acquisition because the business is not considered significant as measured by the amount of the Company's investment in and assets of the business relative to the Company's consolidated balance sheet and by the income before income taxes of the business relative to the Company's average income before income taxes for the most recent five-year period excluding loss years.

19. Segment Reporting

Information on segments and a reconciliation of gross profit to income before income tax provision is as follows:

	Year Ended December 31,		
	2018	2017	2016
		(as adjusted)	
Revenues		(In millions)	
Franchise operations	$ 643.9	$ 594.4	$ 638.0
Rental operations	121.9	121.4	123.0
Company restaurants	7.1	7.5	17.4
Financing operations	8.0	8.4	9.2
Total	$ 780.9	$ 731.7	$ 787.6
Gross profit (loss), by segment			
Franchise operations	$ 313.3	$ 300.4	$ 344.5
Rental operations	31.2	30.8	31.5
Company restaurants	1.2	(0.3)	(0.8)
Financing operations	7.4	7.8	9.0
Total gross profit	353.1	338.7	384.2
Corporate and unallocated expenses, net	(242.5)	(767.0)	(226.3)
Income (loss) before income taxes	$ 110.6	$ (428.3)	$ 157.9
Interest expense			
Rental operations	$ 9.2	$ 10.5	$ 11.8
Company restaurants	0.1	0.2	0.4
Corporate	61.7	62.0	61.5
Total	$ 71.0	$ 72.7	$ 73.7
Depreciation and amortization			
Franchise operations	$ 10.5	$ 10.8	$ 10.6
Rental operations	11.7	12.0	12.4
Company restaurants	0.4	0.1	0.4
Corporate	9.6	7.7	7.2
Total	$ 32.2	$ 30.6	$ 30.6
Impairment of goodwill and intangible assets, closure and other impairment charges			
Franchise operations	$ —	$ 531.6	$ —
Company restaurants	2.1	4.0	2.2
Corporate	—	—	2.9
Total	$ 2.1	$ 535.6	$ 5.1
Capital expenditures			
Company restaurants	$ —	$ 0.1	$ 0.3
Corporate	14.3	13.3	5.3
Total	$ 14.3	$ 13.4	$ 5.6
Goodwill (franchise segment)	$ 345.3	$ 339.2	$ 697.4
Total assets			
Franchise operations	$ 1,152.1	$ 1,188.0	$ 1,608.7
Rental operations	255.6	278.8	339.5
Company restaurants	66.5	—	126.8
Financing operations	73.7	87.5	88.2

Corporate	226.8	181.3	115.4
Total	$ 1,774.7	$ 1,735.6	$ 2,278.6

20. Refranchising of Company-operated Restaurants

In June 2017, the Company completed the refranchising and sale of related restaurant assets of nine company-operated IHOP restaurants in the Cincinnati, Ohio market area. As part of the transaction, the Company entered into an asset purchase agreement, nine franchise agreements and nine sublease agreements for land and buildings. The Company compared the stated rent under the sublease agreements with comparable market rents and recorded net favorable lease assets of $2.4 million in connection with the transaction. The Company also received cash of $1.1 million and a note receivable for $4.8 million. After allocating a portion of the consideration to franchise fees and derecognizing the assets sold, the Company recognized a gain of $6.2 million on the refranchising and sale of related restaurant assets during the year ended December 31, 2017.

21. Selected Quarterly Financial Data (Unaudited)

	Revenues	Gross Profit	Net Income (Loss)	Net Income (Loss) Per Share—Basic[3]	Net Income (Loss) Per Share—Diluted[3]
	(In thousands, except per share amounts)				
2018					
1st Quarter	$ 188,163	$ 83,500	$ 17,073	$ 0.93	$ 0.92
2nd Quarter	184,471	78,590	12,713	0.70	0.69
3rd Quarter(1)	194,099	92,626	23,587	1.31	1.29
4th Quarter	214,198	98,371	26,981	1.49	1.47
2017					
1st Quarter (1)	$ 191,461	$ 94,285	$ 15,595	$ 0.87	$ 0.86
2nd Quarter (1)	188,654	93,004	22,107	1.23	1.23
3rd Quarter (1) (2)	174,903	82,086	(450,352)	(24.91)	(24.91)
4th Quarter (1)	176,708	69,336	69,900	3.82	3.82

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(1) 2017 amounts restated for the adoption of ASC 606 on a full retrospective basis. See Note 2 - Basis of Presentation and Summary of Significant Accounting Policies, of Notes to the Consolidated Financial Statements.

(2) The Company recognized a pretax charge of $531.6 million for impairment of goodwill and intangible assets in the third quarter of 2017. See Note 6 - Goodwill and Note 7 - Other Intangible Assets, of Notes to the Consolidated Financial Statements.

(3) The quarterly amounts may not add to the full year amount as each quarterly calculation is discrete from the full-year calculation.

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

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain “disclosure controls and procedures,” as such terms are defined in Rule 13a-15(e) and 15d-15(e) promulgated under the Exchange Act of 1934, as amended, that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based on their assessment as of the end of the period covered by this report, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rules 13a-15(f) and 15d-15(f). All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 30, 2018 based on the framework in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of December 30, 2018.

The effectiveness of our internal control over financial reporting as of December 30, 2018 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report that appears herein.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Dine Brands Global, Inc. and Subsidiaries

Opinion on Internal Control over Financial Reporting

We have audited Dine Brands Global, Inc. and Subsidiaries' internal control over financial reporting as of December 30, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Dine Brands Global, Inc. and Subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 30, 2018, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2018 consolidated financial statements of the Company and our report dated February 21, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ ERNST & YOUNG LLP

Los Angeles, California
February 21, 2019

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the fourth quarter of fiscal 2018 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information included in the sections entitled “Corporate Governance” “Executive Compensation-Executive Officers of the Corporation” and “Section 16(a) Beneficial Ownership Reporting Compliance” to be set forth in our Proxy Statement for the 2019 Annual Meeting of Shareholders (“2019 Proxy Statement”) is hereby incorporated by reference into this Item.

Item 11. Executive Compensation.

The information required included in the sections entitled “Executive Compensation” and “Director Compensation” to be set forth in our 2019 Proxy Statement is hereby incorporated by reference into this item.

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

The information required by Item 12 with respect to securities authorized for issuance under our equity compensation plans is provided under the caption “Equity Compensation Plan Information” in Part II, Item 5 hereof and incorporated herein by reference. The information included in the section entitled “Security Ownership of Certain Beneficial Owners and Management” to be set forth in our 2019 Proxy Statement is also hereby incorporated by reference into this Item,

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

The information included in the sections entitled “Corporate Governance—Certain Relationships and Related Transactions” and “Corporate Governance—Director Independence” to be set forth in our 2019 Proxy Statement is hereby incorporated by reference into this item.

Item 14. Principal Accountant Fees and Services.

The information included in the section entitled “Audit-Related Matters” to be set forth in our 2019 Proxy Statement is hereby incorporated by reference into this item.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a)(1) **Consolidated Financial Statements**

The following documents are contained in Part II, Item 8 of this Annual Report on Form 10-K:

- Reports of Independent Registered Public Accounting Firm.
- Consolidated Balance Sheets as of December 31, 2018 and December 31, 2017.
- Consolidated Statements of Comprehensive Income (Loss) for each of the three years in the period ended December 31, 2018.
- Consolidated Statements of Stockholders' (Deficit) Equity for each of the three years in the period ended December 31, 2018.
- Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2018.
- Notes to the Consolidated Financial Statements.

(a)(2) **Financial Statement Schedules**

All schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

(a)(3) **Exhibits**

Exhibits that are not filed herewith have been previously filed with the Securities and Exchange Commission and are incorporated herein by reference.

3.1	Restated Certificate of Incorporation of Dine Brands Global, Inc. (Exhibit 3.1 to Registrant’s Form 10-K filed on February 20, 2018 is incorporated herein by reference).
3.2	Amended Bylaws of Dine Brands Global, Inc. (Exhibit 3.2 to Registrant’s Form 8-K filed on May 15, 2018 is incorporated herein by reference).
4.1	Indenture, dated as of September 30, 2014, among Applebee’s Funding LLC and IHOP Funding LLC, each as Co-Issuer, and Citibank, N.A., as Trustee and Securities Intermediary (Exhibit 4.1 to Registrant's Form 8-K filed on October 3, 2014 is incorporated herein by reference).
4.2	Supplemental Indenture, dated as of September 30, 2014, among Applebee’s Funding LLC and IHOP Funding LLC, each as Co-Issuer, and Citibank, N.A., as Trustee and Series 2014-1 Securities Intermediary (Exhibit 4.2 to Registrant’s Form 8-K filed on October 3, 2014 is incorporated herein by reference).
4.3	Supplemental Indenture, dated as of September 5, 2018, among Applebee’s Funding LLC and IHOP Funding LLC, each a Co-Issuer, and Citibank N.A., as Trustee and Series 2018-1 Securities Intermediary (Exhibit 4.1 to Registrant’s Form 8-K filed on September 6, 2018 is incorporated herein by reference).
†#10.1	Employment Agreement dated as of August 9, 2017 by and between the Corporation and Stephen P. Joyce (Exhibit 10.1 to Registrant’s Form 10-Q for the quarter ended September 30, 2017 is incorporated herein by reference).
†#10.2	DineEquity, Inc. 2016 Stock Incentive Plan Nonqualified Stock Option Agreement by and between the Corporation and Stephen P. Joyce (Exhibit 10.2 to Registrant’s Form 10-Q for the quarter ended September 30, 2017 is incorporated herein by reference).
†#10.3	DineEquity, Inc. 2016 Stock Incentive Plan Restricted Stock Unit Award Agreement by and between the Corporation and Stephen P. Joyce - Performance-Based (Exhibit 10.3 to Registrant’s Form 10-Q for the quarter ended September 30, 2017 is incorporated herein by reference).
†10.4	DineEquity, Inc. 2016 Stock Incentive Plan Restricted Stock Unit Award Agreement by and between the Corporation and Stephen P. Joyce - Time-Based (Exhibit 10.4 to Registrant’s Form 10-Q for the quarter ended September 30, 2017 is incorporated herein by reference).
†10.5	Employment Agreement between Dine Brands Global, Inc. and Thomas H. Song dated May 7, 2018 (Exhibit 10.2 to Registrant’s Form 8-K filed May 8, 2018 is incorporated herein by reference).
†10.6	Offer Letter between Dine Brands Global, Inc. and Thomas H. Song dated May 7, 2018 (Exhibit 10.1 to Registrant’s Form 8-K filed May 8, 2018 is incorporated herein by reference).

†10.7 Employment Agreement between DineEquity, Inc. and John C. Cywinski dated March 9, 2017 (Exhibit 10.1 to Registrant’s Form 10-Q for the quarter ended March 31, 2017 is incorporated herein by reference).

†10.8 Employment Agreement between DineEquity, Inc. and Darren M. Rebelez dated April 22, 2015 (Exhibit 10.1 to Registrant's Form 10-Q for the quarter ended March 31, 2015 is incorporated herein by reference).

†10.9 Dine Brands Global, Inc. 2016 Stock Incentive Plan (Exhibit 10.1 to Registrant’s Form 10-Q for the quarter ended March 31, 2018 is incorporated herein by reference).

†10.10 Dine Brands Global, Inc. 2016 Stock Incentive Plan Restricted Stock Agreement One-Fourth Annual Vesting - Employees (Exhibit 10.22 to Registrant’s Form 10-Q for the quarter ended March 31, 2018 is incorporated herein by reference).

†10.11 Dine Brands Global, Inc. 2016 Stock Incentive Plan Restricted Stock Agreement One-Third Annual Vesting - Employees (Exhibit 10.23 to Registrant’s Form 10-Q for the quarter ended March 31, 2018 is incorporated herein by reference).

†10.12 Dine Brands Global, Inc. 2016 Stock Incentive Plan Restricted Stock Agreement 25/25/50% Annual Vesting - Employees (Exhibit 10.17 to Registrant’s Form 10-Q for the quarter ended March 31, 2018 is incorporated herein by reference).

†10.13 Dine Brands Global, Inc. 2016 Stock Incentive Plan Restricted Stock Agreement - Employees (Exhibit 10.18 to Registrant’s Form 10-Q for the quarter ended March 31, 2018 is incorporated herein by reference).

†10.14 Dine Brands Global, Inc. 2016 Stock Incentive Plan Restricted Stock Agreement - Non-Employee Directors (Exhibit 10.19 to Registrant’s Form 10-Q for the quarter ended March 31, 2018 is incorporated herein by reference).

†10.15 Dine Brands Global, Inc. 2016 Stock Incentive Plan Restricted Stock Agreement - Employees - Specified Date Vesting (Exhibit 10.20 to Registrant’s Form 10-Q for the quarter ended March 31, 2018 is incorporated herein by reference).

†10.16 Dine Brands Global, Inc. 2016 Stock Incentive Plan Restricted Stock Agreement - Employees - 50/50% Annual Vesting (Exhibit 10.21 to Registrant’s Form 10-Q for the quarter ended March 31, 2018 is incorporated herein by reference).

†10.17 Dine Brands Global, Inc. 2016 Stock Incentive Plan Restricted Stock Agreement - Employees - Annual Vesting (Exhibit 10.24 to Registrant’s Form 10-Q for the quarter ended March 31, 2018 is incorporated herein by reference).

†10.18 Dine Brands Global, Inc. 2016 Stock Incentive Plan Restricted Stock Agreement - Employees - 20/40/20/20 Vesting (Exhibit 10.1 to Registrant’s Form 10-Q for the quarter ended June 30, 2018 is incorporated herein by reference).

†10.19 Dine Brands Global, Inc. 2016 Stock Incentive Plan Stock-Settled RSU Agreement -Employees (Exhibit 10.8 to Registrant’s Form 10-Q for the quarter ended March 31, 2018 is incorporated herein by reference).

†10.20 Dine Brands Global, Inc. 2016 Stock Incentive Plan Stock-Settled RSU Agreement -Employees - Performance Based (Exhibit 10.5 to Registrant’s Form 10-Q for the quarter ended March 31, 2018 is incorporated herein by reference).

*†10.21 Dine Brands Global, Inc. 2016 Stock Incentive Plan Stock-Settled RSU Agreement - Non-Employee Directors - 1 Year Vesting.

†10.22 Dine Brands Global, Inc. 2016 Stock Incentive Plan Stock-Settled RSU Agreement 50/50% Annual Vesting - International Employees (Exhibit 10.6 to Registrant’s Form 10-Q for the quarter ended March 31, 2018 is incorporated herein by reference).

†10.23 Dine Brands Global, Inc. 2016 Stock Incentive Plan Stock-Settled RSU Agreement - International Employees (Exhibit 10.7 to Registrant’s Form 10-Q for the quarter ended March 31, 2018 is incorporated herein by reference).

†10.24 DineEquity, Inc. 2016 Stock Incentive Plan Stock-Settled RSU Agreement - Non-Employee Directors - 3 Year Vesting (Exhibit 10.8 to Registrant’s Form 10-Q for the quarter ended June 30, 2016 is incorporated herein by reference).

†10.25 Dine Brands Global, Inc. 2016 Stock Incentive Plan Cash-Settled RSU Agreement - Employees (Exhibit 10.3 to Registrant’s Form 10-Q for the quarter ended March 31, 2018 is incorporated herein by reference).

†10.26 Dine Brands Global, Inc. 2016 Stock Incentive Plan Cash-Settled RSU Agreement - Non-Employee Directors (Exhibit 10.2 to Registrant’s Form 10-Q for the quarter ended March 31, 2018 is incorporated herein by reference).

†10.27 Dine Brands Global, Inc. 2016 Stock Incentive Plan Cash-Settled RSU Agreement - International Employees (Exhibit 10.4 to Registrant’s Form 10-Q for the quarter ended March 31, 2018 is incorporated herein by reference).

†10.28 Dine Brands Global, Inc. 2016 Stock Incentive Plan Nonqualified Stock Option Agreement - Employees (Exhibit 10.9 to Registrant’s Form 10-Q for the quarter ended March 31, 2018 is incorporated herein by reference).

*†10.29 Dine Brands Global, Inc. 2016 Stock Incentive Plan Nonqualified Stock Option Agreement - Employees - Accelerated Retirement Vesting

†10.30 Dine Brands Global, Inc. 2016 Stock Incentive Plan Nonqualified Stock Option Agreement - Non-Employee Directors (Exhibit 10.11 to Registrant’s Form 10-Q for the quarter ended March 31, 2018 is incorporated herein by reference).

†10.31 Dine Brands Global, Inc. 2016 Stock Incentive Plan Nonqualified Stock Option Agreement - International Employees (Exhibit 10.10 to Registrant’s Form 10-Q for the quarter ended March 31, 2018 is incorporated herein by reference).

*†10.32 Dine Brands Global, Inc. 2016 Stock Incentive Plan Nonqualified Stock Option Agreement - International Employees - Accelerated Retirement Vesting

†10.33 Dine Brands Global, Inc. 2016 Stock Incentive Plan Nonqualified Stock Option Agreement - Employees - Performance Based (Exhibit 10.12 to Registrant’s Form 10-Q for the quarter ended March 31, 2018 is incorporated herein by reference).

†10.34 Dine Brands Global, Inc. 2016 Stock Incentive Plan Performance Shares Agreement - Employees (Exhibit 10.15 to Registrant’s Form 10-Q for the quarter ended June 30, 2016 is incorporated herein by reference).

†10.35 Dine Brands Global, Inc. 2016 Stock Incentive Plan Performance Shares Agreement 50% stock / 50% cash - Employees (Exhibit 10.16 to Registrant’s Form 10-Q for the quarter ended June 30, 2016 is incorporated herein by reference).

†10.36 Dine Brands Global, Inc. 2016 Stock Incentive Plan Performance Award Agreement - Employees - Single Metric (Exhibit 10.15 to Registrant’s Form 10-Q for the quarter ended March 31, 2018 is incorporated herein by reference).

†10.37 Dine Brands Global, Inc. 2016 Stock Incentive Plan Performance Award Agreement - Employees - Double Metric (Exhibit 10.16 to Registrant’s Form 10-Q for the quarter ended March 31, 2018 is incorporated herein by reference).

*†10.38 Dine Brands Global, Inc. 2016 Stock Incentive Plan Performance Award Agreement - Employees - Double Metric - Accelerated Retirement Vesting.

†10.39 Dine Brands Global, Inc. 2016 Stock Incentive Plan SAR Agreement - Employees (Exhibit 10.25 to Registrant’s Form 10-Q for the quarter ended March 31, 2018 is incorporated herein by reference).

†10.40 DineEquity, Inc. 2011 Stock Incentive Plan (Annex A to Registrant's Proxy Statement, filed on April 13, 2011 is incorporated herein by reference).

†10.41 DineEquity, Inc. 2011 Stock Incentive Plan Nonqualified Stock Option Agreement (Employees) (Exhibit 10.10 to Registrant's Form 10-K for the year ended December 31, 2011 is incorporated herein by reference).

†10.42 DineEquity, Inc. 2011 Stock Incentive Plan Restricted Stock Award Agreement (Employees) (Exhibit 10.12 to Registrant's Form 10-K for the year ended December 31, 2011 is incorporated herein by reference).

†10.43 DineEquity, Inc. 2011 Stock Incentive Plan Restricted Stock Award Agreement (1/4th Annual Vesting - Employees) (Exhibit 10.1 to Registrant's Form 10-Q for the quarter ended June 30, 2015 is incorporated herein by reference).

†10.44 DineEquity, Inc. 2011 Stock Incentive Plan Stock-Settled Restricted Stock Unit Award Agreement (Employees) (Exhibit 10.15 to Registrant's Form 10-K for the year ended December 31, 2011 is incorporated herein by reference).

†10.45 DineEquity, Inc. 2011 Stock Incentive Plan Stock-Settled Restricted Stock Unit Award Agreement (Non-Employee Directors) (Exhibit 10.16 to Registrant's Form 10-K for the year ended December 31, 2011 is incorporated herein by reference).

†10.46 DineEquity, Inc. 2011 Stock Incentive Plan Restricted Stock Award Agreement (Ratable Vesting - Employees) (Exhibit 10.19 to Registrant’s Form 10-K for the year ended December 31, 2013 is incorporated herein by reference).

†10.47 DineEquity, Inc. 2011 Stock Incentive Plan Stock-Settled Restricted Stock Unit Award Agreement (International Employees) (Exhibit 10.1 to Registrant’s Form 10-Q for the quarter ended September 30, 2014 is incorporated herein by reference).

†10.48 IHOP Corp. 2001 Stock Incentive Plan Non-Qualified Stock Option Agreement (Exhibit 10.15 to Registrant's 2003 Form 10-K is incorporated herein by reference).

†10.49 IHOP Corp 2001 Stock Incentive Plan as amended and restated (Appendix A to Registrant's Proxy Statement, filed on April 17, 2008 is incorporated herein by reference).

†10.50	DineEquity, Inc. Senior Executive Incentive Plan as amended and restated (Annex A to Registrant's Proxy Statement, filed on April 5, 2012 is incorporated herein by reference).
*†10.51	Dine Brands Global, Inc. Amended and Restated Executive Severance and Change in Control Policy (Exhibit 10.26 to Registrant's Form 10-K for the year ended December 31, 2011 is incorporated herein by reference).
†10.52	Form of DineEquity, Inc. Indemnification Agreement (Exhibit 10.27 to Registrant's Form 10-K for the year ended December 31, 2011 is incorporated herein by reference).
*†10.53	Dine Brands Global, Inc. Nonqualified Deferred Compensation Plan.
*†10.54	Amendment to Dine Brands Global, Inc. Nonqualified Deferred Compensation Plan.
10.55	Purchase Agreement, dated August 13, 2014, among the Registrant, certain subsidiaries of the Registrant and Guggenheim Securities, LLC (Exhibit 99.1 to Registrant's Form 8-K filed on August 14, 2014 is incorporated herein by reference).
10.56	Class A-1 Note Purchase Agreement, dated September 5, 2018, among Applebee's Funding LLC and IHOP Funding LLC, each a Co-Issuer, certain special-purpose, wholly-owned indirect subsidiaries of the Corporation, each as a Guarantor, the Corporation, as manager, certain conduit investors, financial institutions and funding agents, Barclays Bank PLC as provider of letters credit and swingline lender and as administrative agent (Exhibit 10.1 to Registrant's Form 8-K filed on September 6, 2018 is incorporated herein by reference).
10.57	Guarantee and Collateral Agreement, dated September 30, 2014, among certain special-purpose, wholly-owned indirect subsidiaries of the Registrant, each as guarantor, in favor of Citibank, N.A., as Trustee (Exhibit 10.2 to Registrant's Form 8-K filed on October 3, 2014 is incorporated herein by reference.)
10.58	Amended and Restated Management Agreement, dated September 5, 2018, among Applebee's Funding LLC and IHOP Funding LLC, each a Co-Issuer, other securitization entities party thereto from time to time, the Corporation, Applebee's Services, Inc. and International House of Pancakes, LLC as Sub-managers and Citibank, N.A., as Trustee (Exhibit 10.2 to Registrant's Form 8-K filed on September 6, 2018 is incorporated herein by reference).
*21	Subsidiaries of Dine Global Brands, Inc.
*23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
*31.1	Certification of CEO pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
*31.2	Certification of CFO pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
*32.1	Certification of CEO pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*32.2	Certification of CFO pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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* Filed herewith.

† A contract, compensatory plan or arrangement in which directors or executive officers are eligible to participate.

Portions of this exhibit have been omitted per an Order Granting Confidential Treatment Under the Securities Exchange Act of 1934 issued by the Securities and Exchange Commission on January 3, 2018.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 21st day of February, 2019.

DINE BRANDS GLOBAL, INC.
By: /s/ STEPHEN P. JOYCE
Stephen P. Joyce
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant, and in the capacities indicated, on this 21st day of February, 2019.

Name	**Title**
/s/ STEPHEN P. JOYCE Stephen P. Joyce	Chief Executive Officer (Principal Executive Officer), Director
/s/ THOMAS H. SONG Thomas H. Song	Chief Financial Officer (Principal Financial Officer)
/s/ RICHARD J. DAHL Richard J. Dahl	Director
/s/ HOWARD M. BERK Howard M. Berk	Director
/s/ DANIEL J. BRESTLE Daniel J. Brestle	Director
/s/ LARRY A. KAY Larry A. Kay	Director
/s/ CAROLINE W. NAHAS Caroline W. Nahas	Director
/s/ DOUGLAS M. PASQUALE Douglas M. Pasquale	Director
/s/ GILBERT T. RAY Gilbert T. Ray	Director
/s/ LILIAN C. TOMOVICH Lilian C.Tomovich	Director

Exhibit 10.21

Stock-Settled RSU Agreement (1 year vesting)– Non-Employee Directors

DINE BRANDS GLOBAL, INC.
2016 STOCK INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT ("Agreement") is entered into as of _________ (the "Date of Grant"), by and between **DINE BRANDS GLOBAL, INC.** (formerly, DineEquity, Inc.), a Delaware corporation (the "Company") and __________, a Non-Employee Director of the Company (the "Participant").

RECITALS:

Pursuant to the Dine Brands Global, Inc. 2016 Stock Incentive Plan (the "Plan"), the Compensation Committee of the Board of Directors of the Company (the "Committee"), as the administrator of the Plan, has determined that the Participant is to be granted a Restricted Stock Unit Award (the "Award") pursuant to which the Participant shall receive shares of the Company's common stock, on the terms and conditions set forth herein.

Any capitalized terms not defined herein shall have their respective meanings set forth in the Plan.

AGREEMENT:

In consideration of the foregoing and of the mutual covenants set forth herein and other good and valuable consideration, the parties hereto agree as follows:

1. GRANT OF RESTRICTED STOCK UNITS. The Company hereby grants to the Participant an award of __________ restricted stock units (the "Restricted Stock Units"). Each Restricted Stock Unit represents the right to receive one share of common stock, $.01 par value, of the Company (the "Common Stock"), subject to the terms and conditions set forth herein.

2. VESTING AND SETTLEMENT. Subject to the Participant's continuous service with the Company, the Restricted Stock Units shall vest on the first anniversary of the Date of Grant. If the Restricted Stock Units have vested in accordance with this vesting schedule, they are referred to herein as "Vested Units." If the Restricted Stock Units have not vested in accordance with this vesting schedule, they are referred to herein as "Unvested Units." Notwithstanding anything herein or in the Plan to the contrary, all Unvested Units shall become immediately and fully vested and thereafter be considered Vested Units upon the Participant's cessation from service as a member of the Board due to Retirement, death or Disability. For purposes of the definition of "Retirement" (as defined in the Plan), "Cause" means, as determined by the Company, (i) the willful failure by the Participant to substantially perform his or her duties with the Company (other than any such failure resulting from the Participant's incapacity due to physical or mental illness); (ii) the Participant's willful misconduct that is demonstrably and materially injurious to the Company, monetarily or otherwise; (iii) the Participant's commission of such acts of dishonesty, fraud, misrepresentation or other acts of moral turpitude as would prevent the effective performance of the Participant's duties; or (iv) the Participant's conviction or plea of no contest to a felony or a crime of moral turpitude. Except as set forth in the preceding two sentences, upon the termination of the Participant's service as a director for any reason, any then Unvested Units held by the Participant shall be forfeited and canceled as of the date of such termination.

The Vested Units shall be settled by the delivery to the Participant or a designated brokerage firm of one share of Common Stock per Vested Unit within thirty (30) days after the vesting or accelerated vesting of such Restricted Stock Units as set forth in the preceding paragraph. No fractional shares will be issued under this Agreement.

3. ADJUSTMENT IN COMMON STOCK. In accordance with the terms of the Plan, in the event of any stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off or other similar change in capitalization or event, or any distribution to holders of Common Stock other than a regular cash dividend, a substitution or adjustment shall be made to the terms of the Award, including the number and class of securities subject thereto, as may be determined by the Committee, in its sole discretion. Subject to the terms of the Plan, such other substitutions or adjustments shall be made as the Committee in its sole discretion may deem appropriate.

4. NON-TRANSFERABILITY OF AWARD. The Award and this Agreement shall not be transferable other than by will, the laws of descent and distribution, or pursuant to beneficiary designation procedures approved by the Company. Notwithstanding the foregoing, the Award and this Agreement may be transferable to the Participant's family members, to a trust or entity established by the Participant for estate planning purposes, to a charitable organization designated by the Participant or pursuant to a qualified domestic relations order. Except to the extent permitted by this Section 4, the Award may be exercised or settled during the Participant's lifetime only by the Participant or the Participant's legal representative or similar person. Except as permitted by this Section 4, the Award may

not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of the Award, the Award and all rights thereunder shall immediately become null and void.

5. DISPUTE RESOLUTION. The parties hereto will use their reasonable best efforts to resolve any dispute hereunder through good faith negotiations. A party hereto must submit a written notice to any other party to whom such dispute pertains, and any such dispute that cannot be resolved within thirty (30) calendar days of receipt of such notice (or such other period to which the parties may agree) will be submitted to an arbitrator selected by mutual agreement of the parties. In the event that, within fifty (50) days of the written notice referred to in the preceding sentence, a single arbitrator has not been selected by mutual agreement of the parties, a panel of arbitrators (with each party to the dispute being entitled to select one arbitrator and, if necessary to prevent the possibility of deadlock, one additional arbitrator being selected by such arbitrators selected by the parties to the dispute) shall be selected by the parties. Except as otherwise provided herein or as the parties to the dispute may otherwise agree, such arbitration will be conducted in accordance with the then existing rules of the American Arbitration Association. The decision of the arbitrator or arbitrators, or of a majority thereof, as the case may be, made in writing will be final and binding upon the parties hereto as to the questions submitted, and the parties will abide by and comply with such decision; provided, however, the arbitrator or arbitrators, as the case may be, shall not be empowered to award punitive damages. Unless the decision of the arbitrator or arbitrators, as the case may be, provides for a different allocation of costs and expenses determined by the arbitrators to be equitable under the circumstances, the prevailing party or parties in any arbitration will be entitled to recover all reasonable fees (including but not limited to attorneys' fees) and expenses incurred by it or them in connection with such arbitration from the non-prevailing party or parties.

6. NOTICES. Any notice required or permitted under this Agreement shall be deemed given when delivered either personally, by overnight courier, or when deposited in a United States Post Office, postage prepaid, addressed as appropriate, to the Participant either at his/her address set forth below or such other address as he or she may designate in writing to the Company, or to the Company: Attention: General Counsel (or said designee), at the Company's address or such other address as the Company may designate in writing to the Participant.

7. RIGHTS AS A STOCKHOLDER. Prior to any issuance of shares of Common Stock in settlement of the Award, no Common Stock will be reserved or earmarked for the Participant or the Participant's account. Except as set forth in this Section 7, the Participant will not be entitled to any privileges of ownership of the shares of Common Stock subject to the Award (including, without limitation, any voting rights) underlying Vested Units and/or Unvested Units unless and until such shares of Common Stock are actually delivered to the Participant hereunder. From and after the date hereof and unless and until the Award is forfeited or otherwise transferred back to the Company, the Participant will be credited with additional Restricted Stock Units having a value equal to dividends declared by the Company (other than stock dividends), if any, with record dates that occur prior to the settlement of the Award as if the shares of Common Stock underlying the Award (whether payable in shares of Common Stock or in cash) had been issued and outstanding, based on the fair market value of a share of Common Stock on the applicable dividend payment date. Any such additional Restricted Stock Units shall be considered part of the Award and shall also be credited with additional Restricted Stock Units as dividends (other than stock dividends), if any, are declared, and shall be subject to the same terms and conditions as the Restricted Stock Units subject to the Award with respect to which they were credited (including, but not limited to, the forfeiture provisions set forth in Section 2 of this Agreement). Notwithstanding the foregoing, no such additional Restricted Stock Units will be credited with respect to any dividend declared by the Company in connection with which the Award is adjusted pursuant to Section 3.

8. FAILURE TO ENFORCE NOT A WAIVER. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

9. WITHHOLDING. The Company shall have the right to require, prior to the issuance or delivery of any shares of Common Stock pursuant to the Award, payment by the Participant of any federal, state, local or other taxes which may be required to be withheld or paid in connection with the Award.

10. INCORPORATION OF PLAN. The Plan is hereby incorporated by reference and made a part hereof, and the Award and this Agreement are subject to all terms and conditions of the Plan.

11. AMENDMENT AND TERMINATION. The Board may amend the Plan as it shall deem advisable, subject to any requirement of stockholder approval required by applicable law, rule or regulation, including Section 162(m) of the Code and any rule of the New York Stock Exchange, or any other stock exchange on which shares of Common Stock are traded; provided, however, that no amendment may impair the rights of the Participant without the consent of the Participant.

12. GOVERNING LAW. This Agreement shall be governed by and construed according to the laws of the State of Delaware without regard to its principles of conflict of laws.

13. SECTION 409A. This Agreement is intended to comply with the requirements of Section 409A of the Code, and shall be

interpreted and construed consistently with such intent. In the event the terms of this Agreement would subject the Participant to taxes or penalties under Section 409A of the Code (“409A Penalties”), the Company and the Participant shall cooperate diligently to amend the terms of this Agreement to avoid such 409A Penalties, to the extent possible; provided that in no event shall the Company be responsible for any 409A Penalties that arise in connection with any amounts payable under this Agreement. To the extent any amounts under this Agreement are payable by reference to the Participant’s cessation from service as a member of the Board, such term shall be deemed to refer to the Participant’s “separation from service,” within the meaning of Section 409A of the Code. Notwithstanding any other provision in this Agreement, if the Participant is a “specified employee,” as defined in Section 409A of the Code, as of the date of Participant’s separation from service, then to the extent any amount payable to the Participant (i) constitutes the payment of nonqualified deferred compensation, within the meaning of Section 409A of the Code, (ii) is payable upon the Participant’s separation from service and (iii) under the terms of this Agreement would be payable prior to the six-month anniversary of the Participant’s separation from service, such payment shall be delayed until the earlier to occur of (a) the first business day following the six-month anniversary of the separation from service and (b) the date of the Participant’s death.

14. AWARDS SUBJECT TO CLAWBACK. The Award and any cash payment or shares of Common Stock delivered pursuant to the Award are subject to forfeiture, recovery by the Company or other action pursuant to this Agreement or any clawback or recoupment policy which the Company may adopt from time to time, including without limitation any such policy which the Company may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.

IN WITNESS WHEREOF, the parties have executed this Restricted Stock Unit Award Agreement on the day and year first above written.

COMPANY:

DINE BRANDS GLOBAL, INC.

By: ____
Stephen P. Joyce
Chief Executive Officer

PARTICIPANT:

______
[Name]

______
Address

______
City/State/Zip

Exhibit 10.29

Nonqualified Stock Option Agreement – Employees _ Accelerated Retirement Vesting

DINE BRANDS GLOBAL, INC.
2016 STOCK INCENTIVE PLAN
NONQUALIFIED STOCK OPTION AGREEMENT

THIS NONQUALIFIED STOCK OPTION AGREEMENT (the "Agreement") is entered into as of ___________ (the "Date of Grant"), by and between **DINE BRANDS GLOBAL, INC.** (formerly, DineEquity, Inc.), a Delaware corporation (the "Company"), and ___________ (the "Optionee").

RECITALS:

Pursuant to the Dine Brands Global, Inc. 2016 Stock Incentive Plan (the "Plan"), the Compensation Committee of the Board of Directors of the Company (the "Committee"), as the administrator of the Plan, has determined that the Optionee is to be granted an option (the "Option") to purchase shares of the Company's common stock, par value $0.01 per share (the "Common Stock"), on the terms and conditions set forth herein, and hereby grants such Option. The Option is not intended to constitute an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

Any capitalized terms not defined herein shall have their respective meanings set forth in the Plan.

AGREEMENT:

In consideration of the foregoing and of the mutual covenants set forth herein and other good and valuable consideration, the parties hereto agree as follows:

1. NUMBER OF OPTION SHARES AND OPTION PRICE. The Option entitles the Optionee to purchase ______ shares of the Company's Common Stock (the "Option Shares") at a price of $_________ per share (the "Option Exercise Price"), which is the Fair Market Value of a share of Common Stock as of the Date of Grant.

2. PERIOD OF OPTION AND CONDITIONS OF EXERCISE.

(a) Period of Option. Unless the Option is previously terminated pursuant to this Agreement, the term of the Option and this Agreement shall commence on the Date of Grant and shall terminate upon the tenth anniversary of the Date of Grant. Upon termination of the Option, all rights of the Optionee (including, without limitation, his or her guardian or legal representative) hereunder shall cease.

(b) Conditions of Exercise. Subject to the Optionee's continued employment with or service to the Company, this Option shall vest and become exercisable as to one-third (1/3) of the shares subject to the Option on each of the first, second and third anniversaries of the Date of Grant. Notwithstanding anything in this Agreement to the contrary, the Option may be exercised only to purchase whole shares of Common Stock, and in no case may a fraction of a share of Common Stock be purchased. The right of the Optionee to purchase Option Shares with respect to which this Option has become exercisable as herein provided may only be exercised prior to the termination of the Option.

(c) Acceleration. Subject to the terms of the Plan, the Committee may in its discretion accelerate the exercisability of all of the Option Shares or any part thereof, upon such circumstances and subject to such terms and conditions as the Committee deems appropriate.

3. RIGHTS UPON TERMINATION OF EMPLOYMENT.

(a) General. Except as otherwise provided in this Section 3, the Option may not be exercised after the Optionee has ceased to be employed or engaged by the Company.

(b) Death. If the Optionee's employment with or service to the Company terminates by reason of his or her death, the Options shall become fully vested and exercisable and thereafter may be exercised by the legal representative of the estate or by the legatee of the Optionee under the will of the Optionee, for a period of twelve (12) months from the date of such death or until the expiration of the term of the Option, whichever period is shorter.

(c) Disability. If the Optionee's employment with or service to the Company terminates by reason of Disability, the Option shall become fully vested and exercisable and thereafter may be exercised for a period of twelve (12) months from the date of such termination of employment or service or until the expiration of the term of the Option, whichever period is shorter, provided, however, that, if the Optionee dies within such twelve-month period and prior to the expiration of the term of the Option, the Option shall thereafter be exercisable for a period of twelve (12) months from the time of death or until the expiration of the term of the Option, whichever period is shorter.

(d) Retirement. If the Optionee's employment with or service to the Company terminates by reason of Retirement, the Option shall become fully vested and exercisable and may thereafter be exercised for a period of five (5) years from the date of Retirement or until the expiration of the term of the Option, whichever period is shorter.

(e) Other Terminations. If an Optionee's employment with or service to the Company terminates for any reason other than death, Disability or Retirement, the Option may be exercised, to the extent it was exercisable at the time of such termination, until the earlier to occur of (i) three (3) months from the date of such termination or (ii) the expiration of the term of the Option, whichever period is shorter.

(f) Change in Control. Upon the termination of the Optionee's employment with or service to the Company within a period of twenty-four (24) months following a Change in Control (i) by the Company other than for Cause, (ii) as a result of his or her Disability or (iii) by the Optionee for Good Reason (as such terms are defined herein below or in the Plan), in lieu of shares of Common Stock issuable upon exercise of an outstanding Option, whether or not then exercisable, the Company shall pay the Optionee a lump sum amount (less any applicable taxes), in cash, equal to the product of (i) the excess of the Fair Market Value of the Option Shares on such date of termination, over the Option Exercise Price, and (ii) the number of the then unexercised Option Shares. The Option shall be canceled upon the making of such payment.

(g) Termination of Option. Notwithstanding anything in this Section 3 to the contrary, the Option may not be exercised after the termination of the Option.

4. EXERCISE OF OPTION SHARES.

(a) Payment for Option Shares. This Option may be exercised by (i) giving written notice of exercise to the Company, specifying the number of whole Option Shares to be purchased and accompanied by payment therefor in full (or arrangement made for such payment to the Company's satisfaction) either (A) in cash, (B) by delivery (either actual delivery or by attestation procedures established by the Company) of shares of Common Stock having a Fair Market Value, determined as of the date of exercise, equal to the aggregate purchase price payable by reason of such exercise, (C) authorizing the Company to withhold whole shares of Common Stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the date of exercise, equal to the amount necessary to satisfy such obligation, (D) in cash by a broker-dealer acceptable to the Company to whom the Optionee has submitted an irrevocable notice of exercise or (E) a combination of (A), (B) and (C), and (ii) by executing such documents as the Company may reasonably request.

(b) Delivery of Option Shares. Upon exercise of the Option and payment of the Option Price pursuant to paragraph (a) of this Section 4, and subject to the requirements set forth in Section 5 and Section 12, the Company shall issue or cause to be issued, and delivered as promptly as possible to the Optionee, certificates representing the appropriate number of Option Shares, which certificates shall be registered in the name of the Optionee.

5. REQUIREMENTS OF LAW AND OF STOCK EXCHANGES. By accepting this Option, Optionee represents and agrees for himself or herself and his or her transferees by will or the laws of descent and distribution or pursuant to a qualified domestic relations order that, unless a registration statement under the Securities Act of 1933, as amended, is in effect as to the Option Shares purchased upon any exercise of this Option, (i) any and all Option Shares so purchased shall be acquired for his or her personal account and not with a view to or for sale in connection with any distribution, and (ii) each notice of the exercise of any portion of this Option shall be accompanied by a representation and warranty in writing, signed by the person entitled to exercise the same, that the Option Shares are being so acquired in good faith for his or her personal account and not with a view to or for sale in connection with any distribution.

If at any time the Company determines that the listing, registration or qualification of the shares of Common Stock subject to the Option upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the delivery of shares thereunder, such shares shall not be delivered unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company may require that certificates evidencing shares of Common Stock delivered pursuant to any award made hereunder bear a legend indicating that the sale, transfer or other disposition thereof by the Optionee is prohibited except in compliance with the Securities Act of 1933, as amended, and the rules and regulations thereunder.

6. ADJUSTMENT IN COMMON STOCK. In accordance with the terms of the Plan, in the event of any stock split, stock

dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off or other similar change in capitalization or event, or any distribution to holders of Common Stock other than a regular cash dividend, a substitution or adjustment shall be made in the number and class of unexercised Option Shares and the Option Exercise Price as may be determined by the Committee, in its sole discretion. Subject to the terms of the Plan, such other substitutions or adjustments shall be made as the Committee in its sole discretion may deem appropriate.

7. NON-TRANSFERABILITY OF OPTION. The Option and this Agreement shall not be transferable other than by will, the laws of descent and distribution, or pursuant to beneficiary designation procedures approved by the Company. Notwithstanding the foregoing, the Option and this Agreement may be transferable to the Optionee's family members, to a trust or entity established by the Optionee for estate planning purposes, to a charitable organization designated by the Optionee or pursuant to a qualified domestic relations order. Except to the extent permitted by this Section 7, the Option may be exercised or settled during the Optionee's lifetime only by the Optionee or the Optionee's legal representative or similar person. Except as permitted by this Section 7, the Option may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of the Option, the Option and all rights thereunder shall immediately become null and void.

8. DISPUTE RESOLUTION. The parties hereto will use their reasonable best efforts to resolve any dispute hereunder through good faith negotiations. A party hereto must submit a written notice to any other party to whom such dispute pertains, and any such dispute that cannot be resolved within thirty (30) calendar days of receipt of such notice (or such other period to which the parties may agree) will be submitted to an arbitrator selected by mutual agreement of the parties. In the event that, within fifty (50) days of the written notice referred to in the preceding sentence, a single arbitrator has not been selected by mutual agreement of the parties, a panel of arbitrators (with each party to the dispute being entitled to select one arbitrator and, if necessary to prevent the possibility of deadlock, one additional arbitrator being selected by such arbitrators selected by the parties to the dispute) shall be selected by the parties. Except as otherwise provided herein or as the parties to the dispute may otherwise agree, such arbitration will be conducted in accordance with the then existing rules of the American Arbitration Association. The decision of the arbitrator or arbitrators, or of a majority thereof, as the case may be, made in writing will be final and binding upon the parties hereto as to the questions submitted, and the parties will abide by and comply with such decision; provided, however, the arbitrator or arbitrators, as the case may be, shall not be empowered to award punitive damages. Unless the decision of the arbitrator or arbitrators, as the case may be, provides for a different allocation of costs and expenses determined by the arbitrators to be equitable under the circumstances, the prevailing party or parties in any arbitration will be entitled to recover all reasonable fees (including but not limited to attorneys' fees) and expenses incurred by it or them in connection with such arbitration from the non-prevailing party or parties.

9. RIGHTS OF OPTIONEE IN COMMON STOCK The Optionee shall not be entitled to any rights as a stockholder of the Company with respect to any shares of Common Stock unless and until the Optionee becomes a stockholder of record with respect to such shares of Common Stock.

10. NOTICES. Any notice required or permitted under this Agreement shall be deemed given when delivered either personally, by overnight courier, or when deposited in a United States Post Office, postage prepaid, addressed as appropriate, to the Optionee either at his/her address set forth below or such other address as he or she may designate in writing to the Company, or to the Company: Attention: Vice President - Legal (or said designee), at the Company's address or such other address as the Company may designate in writing to the Optionee.

11. FAILURE TO ENFORCE NOT A WAIVER. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

12. WITHHOLDING. The Company shall have the right to require, prior to the issuance or delivery of any shares of Common Stock pursuant to the Option, payment by the Optionee of any federal, state, local or other taxes which may be required to be withheld or paid in connection with the Option. The Company shall withhold whole shares of Common Stock which would otherwise be delivered to the Optionee, having an aggregate Fair Market Value determined as of the date the obligation to withhold or pay taxes arises in connection with an award (the "Tax Date"), or withhold an amount of cash which would otherwise be payable to the Optionee, in the amount necessary to satisfy any such obligation, or the Optionee may satisfy any such obligation by any of the following means: (i) a cash payment to the Company, (ii) delivery (either actual delivery or by attestation procedures established by the Company) to the Company of previously owned whole shares of Common Stock having an aggregate Fair Market Value, determined as of the Tax Date, equal to the amount necessary to satisfy any such obligation, (iii) authorizing the Company to withhold whole shares of Common Stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash which would otherwise be payable to the Optionee, in either case equal to the amount necessary to satisfy any such obligation, (iv) a cash payment by a broker-dealer acceptable to the Company to whom the Optionee has submitted an irrevocable notice of exercise or (v) any combination of (i), (ii) and (iii). Shares of Common Stock to be delivered or withheld may not have an aggregate Fair Market Value in excess of the amount determined by applying the minimum statutory withholding rate to the extent such excess withholding would result in adverse accounting treatment of the award, as determined by the Company. Any

fraction of a share of Common Stock which would be required to satisfy such an obligation shall be disregarded and the remaining amount due shall be paid in cash by the Optionee.

13. INCORPORATION OF PLAN. The Plan is hereby incorporated by reference and made a part hereof, and the Option and this Agreement are subject to all terms and conditions of the Plan.

14. EMPLOYMENT. Neither the Plan, the granting of the Option, this Agreement nor any other action taken pursuant to the Plan shall confer upon any person any right to continued employment by or service with the Company, any Subsidiary or any affiliate of the Company or affect in any manner the right of the Company, any Subsidiary or any affiliate of the Company to terminate the employment or service of any person at any time without liability hereunder. For purposes of this Agreement, references to employment with the Company shall include employment or service with any Subsidiary of the Company.

15. AMENDMENT AND TERMINATION. The Board may amend the Plan as it shall deem advisable, subject to any requirement of stockholder approval required by applicable law, rule or regulation, including Section 162(m) of the Code and any rule of the New York Stock Exchange, or any other stock exchange on which shares of Common Stock are traded; provided, however, that no amendment may impair the rights of the Optionee without the consent of the Optionee.

16. GOVERNING LAW. To the extent not otherwise governed by the Code or the laws of the United States, this Agreement shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws.

17. COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

18. OPTION SUBJECT TO CLAWBACK. The Option and any cash payment or shares of Common Stock delivered pursuant to the Option are subject to forfeiture, recovery by the Company or other action pursuant to this Agreement or any clawback or recoupment policy which the Company may adopt from time to time, including without limitation any such policy which the Company may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.

19. DEFINED TERMS. As used in this Agreement, the following terms shall have the meanings set forth below:

(a) “Cause” shall mean as determined by the Company, (i) the willful failure by the Optionee to substantially perform his or her duties with the Company (other than any such failure resulting from the Optionee’s incapacity due to physical or mental illness); (ii) the Optionee’s willful misconduct that is demonstrably and materially injurious to the Company, monetarily or otherwise; (iii) the Optionee’s commission of such acts of dishonesty, fraud, misrepresentation or other acts of moral turpitude as would prevent the effective performance of the Optionee’s duties; or (iv) the Optionee’s conviction or plea of no contest to a felony or a crime of moral turpitude.

(b) “Disability” shall mean that the Optionee, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, is receiving income replacement benefits for a period of not less than three months under a long-term disability plan maintained by the Company or one of its Subsidiaries.

(c) The Optionee shall have “Good Reason” to effect a voluntary termination of his or her employment in the event that the Company (i) breaches its obligations to pay any salary, benefit or bonus due to him or her, including its obligations under this Agreement, (ii) requires the Optionee to relocate more than 50 miles from the Optionee’s current, principal place of employment, (iii) assigns to the Optionee any duties inconsistent with the Optionee’s position with the Company or significantly and adversely alters the nature or status of the Optionee’s responsibilities or the conditions of the Optionee’s employment, or (iv) reduces the Optionee’s base salary and/or bonus opportunity, except for across-the-board reductions similarly affecting all similarly situated employees of the Company and all similarly situated employees of any corporation or other entity which is in control of the Company; and in the event of any of (i), (ii), (iii) or (iv), the Optionee has given written notice to the Committee or the Board of Directors as to the details of the basis for such Good Reason within thirty (30) days following the date on which the Optionee alleges the event giving rise to such Good Reason occurred, the Company has failed to provide a reasonable cure within thirty (30) days after its receipt of such notice and the effective date of the termination for Good Reason occurs within 90 days after the initial existence of the facts or circumstances constituting Good Reason.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

DINE BRANDS GLOBAL, INC.

By: ____
Stephen P. Joyce
Chief Executive Officer

The undersigned has had the opportunity to read the terms and provisions of the foregoing Agreement and the terms and provisions of the Plan, herein incorporated by reference. The undersigned hereby accepts and agrees to all the terms and provisions of the foregoing Agreement and to all the terms and provisions of the Plan, herein incorporated by reference.

Optionee Signature

Address

City/State/Zip

Exhibit 10.32

Nonqualified Stock Option Agreement – International Employees _ Accelerated Retirement Vesting

DINE BRANDS GLOBAL, INC.
2016 STOCK INCENTIVE PLAN
NONQUALIFIED STOCK OPTION AGREEMENT

THIS NONQUALIFIED STOCK OPTION AGREEMENT (the "Agreement") is entered into as of ___________ (the "Date of Grant"), by and between **DINE BRANDS GLOBAL, INC.** (formerly, DineEquity, Inc.), a Delaware corporation (the "Company"), and ___________ (the "Optionee").

RECITALS:

Pursuant to the Dine Brands Global, Inc. 2016 Stock Incentive Plan (the "Plan"), the Compensation Committee of the Board of Directors of the Company (the "Committee"), as the administrator of the Plan, has determined that the Optionee is to be granted an option (the "Option") to purchase shares of the Company's common stock, par value $0.01 per share (the "Common Stock"), on the terms and conditions set forth herein, and hereby grants such Option. The Option is not intended to constitute an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

This Option is subject to all of the terms and conditions set forth herein, the special provisions for Optionee's country of residence, if any, attached hereto as Exhibit A and the Plan, all of which are incorporated herein by reference. Any capitalized terms not defined herein shall have their respective meanings set forth in the Plan.

AGREEMENT:

In consideration of the foregoing and of the mutual covenants set forth herein and other good and valuable consideration, the parties hereto agree as follows:

1. NUMBER OF OPTION SHARES AND OPTION PRICE. The Option entitles the Optionee to purchase ______ shares of the Company's Common Stock (the "Option Shares") at a price of $ _________ per share (the "Option Exercise Price"), which is the Fair Market Value of a share of Common Stock as of the Date of Grant.

2. PERIOD OF OPTION AND CONDITIONS OF EXERCISE.

(a) Period of Option. Unless the Option is previously terminated pursuant to this Agreement, the term of the Option and this Agreement shall commence on the Date of Grant and shall terminate upon the tenth anniversary of the Date of Grant. Upon termination of the Option, all rights of the Optionee (including, without limitation, his or her guardian or legal representative) hereunder shall cease.

(b) Conditions of Exercise. Subject to the Optionee's continued employment with or service to the Company, this Option shall vest and become exercisable as to one-third (1/3) of the shares subject to the Option on each of the first, second and third anniversaries of the Date of Grant. Notwithstanding anything in this Agreement to the contrary, the Option may be exercised only to purchase whole shares of Common Stock, and in no case may a fraction of a share of Common Stock be purchased. The right of the Optionee to purchase Option Shares with respect to which this Option has become exercisable as herein provided may only be exercised prior to the termination of the Option.

(c) Acceleration. Subject to the terms of the Plan, the Committee may in its discretion accelerate the exercisability of all of the Option Shares or any part thereof, upon such circumstances and subject to such terms and conditions as the Committee deems appropriate.

3. RIGHTS UPON TERMINATION OF EMPLOYMENT.

(a) General. Except as otherwise provided in this Section 3, the Option may not be exercised after the Optionee has ceased to be employed or engaged by the Company. As noted in Section 15(k) below, for the avoidance of doubt and for purposes of the Option only, termination shall be deemed to occur as of the date the Optionee is no longer actively providing services to the Company, a Subsidiary, or other affiliated entity and will not be extended by any notice period or "garden leave" that may be required contractually or under applicable laws, unless otherwise determined by the Company in its sole discretion.

(b) Death. If the Optionee's employment with or service to the Company terminates by reason of his or her death, the Options shall become fully vested and exercisable and thereafter may be exercised by the legal representative of the estate or by the legatee of the Optionee under the will of the Optionee, for a period of twelve (12) months from the date of such death or until the expiration of the term of the Option, whichever period is shorter.

(c) Disability. If the Optionee's employment with or service to the Company terminates by reason of Disability, the Option shall become fully vested and exercisable and thereafter may be exercised for a period of twelve (12) months from the date of such termination of employment or service or until the expiration of the term of the Option, whichever period is shorter, provided, however, that, if the Optionee dies within such twelve-month period and prior to the expiration of the term of the Option, the Option shall thereafter be exercisable for a period of twelve (12) months from the time of death or until the expiration of the term of the Option, whichever period is shorter.

(d) Retirement. If the Optionee's employment with or service to the Company terminates by reason of Retirement, the Option shall become fully vested and exercisable and may thereafter be exercised for a period of five (5) years from the date of Retirement or until the expiration of the term of the Option, whichever period is shorter.

(e) Other Terminations. If an Optionee's employment with or service to the Company terminates for any reason other than death, Disability or Retirement, the Option may be exercised, to the extent it was exercisable at the time of such termination, until the earlier to occur of (i) three (3) months from the date of such termination or (ii) the expiration of the term of the Option, whichever period is shorter.

(f) Change in Control. Upon the termination of the Optionee's employment with or service to the Company within a period of twenty-four (24) months following a Change in Control (i) by the Company other than for Cause, (ii) as a result of his or her Disability or (iii) by the Optionee for Good Reason (as such terms are defined herein below or in the Plan), in lieu of shares of Common Stock issuable upon exercise of an outstanding Option, whether or not then exercisable, the Company shall pay the Optionee a lump sum amount (less any applicable taxes), in cash, equal to the product of (i) the excess of the Fair Market Value of the Option Shares on such date of termination, over the Option Exercise Price, and (ii) the number of the then unexercised Option Shares. The Option shall be canceled upon the making of such payment.

(g) Termination of Option. Notwithstanding anything in this Section 3 to the contrary, the Option may not be exercised after the termination of the Option.

4. EXERCISE OF OPTION SHARES.

(a) Payment for Option Shares. This Option may be exercised by (i) giving written notice of exercise to the Company, specifying the number of whole Option Shares to be purchased and accompanied by payment therefor in full (or arrangement made for such payment to the Company's satisfaction) either (A) in cash, (B) by delivery (either actual delivery or by attestation procedures established by the Company) of shares of Common Stock having a Fair Market Value, determined as of the date of exercise, equal to the aggregate purchase price payable by reason of such exercise, (C) authorizing the Company to withhold whole shares of Common Stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the date of exercise, equal to the amount necessary to satisfy such obligation, (D) in cash by a broker-dealer acceptable to the Company to whom the Optionee has submitted an irrevocable notice of exercise or (E) a combination of (A), (B) and (C), and (ii) by executing such documents as the Company may reasonably request.

(b) Delivery of Option Shares. Upon exercise of the Option and payment of the Option Price pursuant to paragraph (a) of this Section 4, and subject to the requirements set forth in Section 5 and Section 12, the Company shall issue or cause to be issued, and delivered as promptly as possible to the Optionee, certificates representing the appropriate number of Option Shares, which certificates shall be registered in the name of the Optionee.

5. REQUIREMENTS OF LAW AND OF STOCK EXCHANGES. By accepting this Option, Optionee represents and agrees for himself or herself and his or her transferees by will or the laws of descent and distribution or pursuant to a qualified domestic relations order that, unless a registration statement under the Securities Act of 1933, as amended, is in effect as to the Option Shares purchased upon any exercise of this Option, (i) any and all Option Shares so purchased shall be acquired for his or her personal account and not with a view to or for sale in connection with any distribution, and (ii) each notice of the exercise of any portion of this Option shall be accompanied by a representation and warranty in writing, signed by the person entitled to exercise the same, that the Option Shares are being so acquired in good faith for his or her personal account and not with a view to or for sale in connection with any distribution.

If at any time the Company determines that the listing, registration or qualification of the shares of Common Stock subject to the Option upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the delivery of shares thereunder, such shares shall not be delivered unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company may require that certificates evidencing shares of Common Stock delivered pursuant to any award made hereunder bear a legend indicating that the sale, transfer or other disposition thereof by the Optionee is prohibited except in compliance with the Securities Act of 1933, as amended, and the rules and regulations thereunder.

6. ADJUSTMENT IN COMMON STOCK. In accordance with the terms of the Plan, in the event of any stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off or other similar change in capitalization or event, or any distribution to holders of Common Stock other than a regular cash dividend, a substitution or adjustment shall be made in the number and class of unexercised Option Shares and the Option Exercise Price as may be determined by the Committee, in its sole discretion. Subject to the terms of the Plan, such other substitutions or adjustments shall be made as the Committee in its sole discretion may deem appropriate.

7. NON-TRANSFERABILITY OF OPTION. The Option and this Agreement shall not be transferable other than by will, the laws of descent and distribution, or pursuant to beneficiary designation procedures approved by the Company. Notwithstanding the foregoing, the Option and this Agreement may be transferable to the Optionee’s family members, to a trust or entity established by the Optionee for estate planning purposes, to a charitable organization designated by the Optionee or pursuant to a qualified domestic relations order. Except to the extent permitted by this Section 7, the Option may be exercised or settled during the Optionee’s lifetime only by the Optionee or the Optionee’s legal representative or similar person. Except as permitted by this Section 7, the Option may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of the Option, the Option and all rights thereunder shall immediately become null and void.

8. DISPUTE RESOLUTION. The parties hereto will use their reasonable best efforts to resolve any dispute hereunder through good faith negotiations. A party hereto must submit a written notice to any other party to whom such dispute pertains, and any such dispute that cannot be resolved within thirty (30) calendar days of receipt of such notice (or such other period to which the parties may agree) will be submitted to an arbitrator selected by mutual agreement of the parties. In the event that, within fifty (50) days of the written notice referred to in the preceding sentence, a single arbitrator has not been selected by mutual agreement of the parties, a panel of arbitrators (with each party to the dispute being entitled to select one arbitrator and, if necessary to prevent the possibility of deadlock, one additional arbitrator being selected by such arbitrators selected by the parties to the dispute) shall be selected by the parties. Except as otherwise provided herein or as the parties to the dispute may otherwise agree, such arbitration will be conducted in accordance with the then existing rules of the American Arbitration Association. The decision of the arbitrator or arbitrators, or of a majority thereof, as the case may be, made in writing will be final and binding upon the parties hereto as to the questions submitted, and the parties will abide by and comply with such decision; provided, however, the arbitrator or arbitrators, as the case may be, shall not be empowered to award punitive damages. Unless the decision of the arbitrator or arbitrators, as the case may be, provides for a different allocation of costs and expenses determined by the arbitrators to be equitable under the circumstances, the prevailing party or parties in any arbitration will be entitled to recover all reasonable fees (including but not limited to attorneys’ fees) and expenses incurred by it or them in connection with such arbitration from the non-prevailing party or parties.

9. RIGHTS OF OPTIONEE IN COMMON STOCK The Optionee shall not be entitled to any rights as a stockholder of the Company with respect to any shares of Common Stock unless and until the Optionee becomes a stockholder of record with respect to such shares of Common Stock.

10. NOTICES. Any notice required or permitted under this Agreement shall be deemed given when delivered either personally, by overnight courier, or when deposited in a United States Post Office, postage prepaid, addressed as appropriate, to the Optionee either at his/her address set forth below or such other address as he or she may designate in writing to the Company, or to the Company: Attention: Vice President - Legal (or said designee), at the Company’s address or such other address as the Company may designate in writing to the Optionee.

11. FAILURE TO ENFORCE NOT A WAIVER. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

12. WITHHOLDING. The Company shall have the right to require, prior to the issuance or delivery of any shares of Common Stock pursuant to the Option, payment by the Optionee of any taxes, social contributions, required deductions, or other payments (“Tax-Related Items”) which may be required to be withheld or paid in connection with the Option or the Common Stock, and the Optionee agrees to indemnify the Company, Subsidiary or affiliate for any such Tax-Related Items. The Company shall withhold whole shares of Common Stock which would otherwise be delivered to the Optionee, having an aggregate Fair Market Value determined as of the date the obligation to withhold or pay taxes arises in connection with an award (the “Tax Date”), or withhold an amount of cash which would otherwise be payable to the Optionee, in the amount necessary to satisfy any such obligation, or the Optionee may satisfy any such obligation by any of the following means, subject to the Committee’s discretion: (i) a cash payment to the Company, (ii) delivery (either actual delivery or by attestation procedures established by the Company) to the Company of previously owned whole shares of Common Stock having an aggregate Fair Market Value, determined as of the Tax Date, equal to

the amount necessary to satisfy any such obligation, (iii) authorizing the Company to withhold whole shares of Common Stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash which would otherwise be payable to the Optionee, in either case equal to the amount necessary to satisfy any such obligation, (iv) a cash payment by a broker-dealer acceptable to the Company to whom the Optionee has submitted an irrevocable notice of exercise or (v) any combination of (i), (ii) and (iii). Shares of Common Stock to be delivered or withheld may not have an aggregate Fair Market Value in excess of the amount determined by applying the minimum statutory withholding rate to the extent such excess withholding would result in adverse accounting treatment of the award, as determined by the Company. Any fraction of a share of Common Stock which would be required to satisfy such an obligation shall be disregarded and the remaining amount due shall be paid in cash by the Optionee. Regardless of any action the Company or any Subsidiary or affiliate takes with respect to any or all applicable Tax-Related Items, the Optionee acknowledges and agrees that the ultimate liability for all Tax-Related Items is and remains the Optionee's responsibility and may exceed any amount actually withheld by the Company or any Subsidiary or affiliate. The Optionee further acknowledges and agrees that the Optionee is solely responsible for filing all relevant documentation that may be required of the Optionee in relation to this Option or any Tax-Related Items other than filings or documentation, such as but not limited to personal income tax returns or reporting statements in relation to the grant, vesting or exercise of the Optionee, the issuance or ownership of Common Stock or any bank or brokerage account, the subsequent sale of Common Stock, and the receipt of any dividends. The Optionee further acknowledges that the Company makes no representations or undertakings regarding the treatment of any Tax-Related Items and does not commit to and is under no obligation to structure the terms or any aspect of the Option to reduce or eliminate the Optionee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Optionee has become subject to tax in more than one jurisdiction, the Optionee acknowledges that the Company or any Subsidiary or affiliate may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

13. INCORPORATION OF PLAN. The Plan is hereby incorporated by reference and made a part hereof, and the Option and this Agreement are subject to all terms and conditions of the Plan.

14. EMPLOYMENT. Neither the Plan, the granting of the Option, this Agreement nor any other action taken pursuant to the Plan shall confer upon any person any right to continued employment by or service with the Company, any Subsidiary or any affiliate of the Company or affect in any manner the right of the Company, any Subsidiary or any affiliate of the Company to terminate the employment or service of any person at any time without liability hereunder. For purposes of this Agreement, references to employment with the Company shall include employment or service with any Subsidiary of the Company.

15. NATURE OF GRANT. In accepting the Option, the Optionee acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of Options, or benefits in lieu of Options, even if Options have been granted in the past;

(c) all decisions with respect to future grants of Options, if any, will be at the sole discretion of the Company;

(d) the Optionee is voluntarily participating in the Plan;

(e) the Optionee's participation in the Plan shall not create a right to further employment or to otherwise remain associated with the Company or any of its affiliates and shall not interfere with the ability of the Company or any of its affiliates to terminate the Optionee's employment or service relationship (if any) at any time, subject to applicable law;

(f) the Option and any shares of Common Stock subject to the Option are not intended to replace any pension rights;

(g) in the event that the Optionee is not an employee of the Company or any Subsidiary or affiliate, the Option and the Optionee's participation in the Plan will not be interpreted to form an employment or service contract or relationship with the Company or any Subsidiary or affiliate;

(h) the Option and any shares of Common Stock subject to the Option are not part of normal or expected compensation or salary for any purpose, including but not limited to calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments (if any);

(i) the future value of the shares of Common Stock subject to the Option is unknown, indeterminable and cannot be predicted with certainty;

i. no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from the Optionee ceasing to provide services to the Company or any of its affiliates (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Optionee is employed or the terms of the Optionee's employment agreement, if any) and in consideration of the grant of the Option to which the Optionee is otherwise not entitled, the Optionee irrevocably agrees never to institute any claim against the Company or any of its affiliates, waives his or her ability, if any, to bring any such claim, and releases the Company and each of its affiliates from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Optionee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims;

(j) in the event of a termination of employment (whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Optionee is employed or the terms of the Optionee's employment agreement, if any), unless otherwise provided by this Agreement or determined by the Company, the Optionee's right to vest in and exercise Options under the Plan, if any, will terminate effective as of the date that the Optionee is no longer actively providing services and will not be extended by any notice period (*e.g.*, active service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Optionee is employed or the terms of the Optionee's employment agreement, if any); the Committee shall have the exclusive discretion to determine when the Optionee is no longer actively providing services for purposes of the Option;

(k) unless otherwise provided in the Plan or by the Company in its discretion, the Option and the benefits evidenced by this Agreement do not create any entitlement to have the Plan or any such benefits granted thereunder, transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of Common Stock; and

(l) neither the Company nor any of its affiliates will be liable for any foreign exchange rate fluctuation between the Optionee's local currency and the United States dollar that may affect the value of the Options, the Common Stock, or any amounts due to the Optionee pursuant to the vesting or exercise of the Option or the subsequent sale of any shares of Common Stock acquired under the Plan, or the calculation of income or Tax-Related Items under the Option; and

(m) any cross-border cash remittance made to transfer proceeds received upon the sale of Common Stock or otherwise in relation to the Option must be made through a locally authorized financial institution or registered foreign exchange agency and may require the Optionee to provide to such entity certain information regarding the transaction.

16. DATA PRIVACY. The Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Optionee's personal data as described in this Agreement and any other grant materials by and among, as applicable, the Company and any affiliate for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan. The Optionee understands that refusal or withdrawal of consent may affect the Optionee's ability to participate in the Plan.

The Optionee understands that the Company and its affiliates may hold certain personal information about the Optionee, including, but not limited to, the Optionee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all awards or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in the Optionee's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Personal Data").

The Optionee understands that Personal Data may be transferred to any Subsidiary or affiliate or third parties as may be selected by the Company to assist the Company with the implementation, administration and management of the Plan. The Optionee understands that the recipients of Personal Data may be located in the United States or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Optionee's country.

17. ELECTRONIC DELIVERY AND PARTICIPATION. The Company may, in its sole discretion, decide to deliver any documents related to the Option or future awards granted under the Plan by electronic means or request the Optionee's consent to participate in the Plan by electronic means. By accepting this Option, whether electronically or otherwise, the Optionee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company, including but not limited to the use of electronic signatures or click-through electronic acceptance of terms and conditions.

18. LANGUAGE. If the Optionee has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

19. AMENDMENT AND TERMINATION. The Board may amend the Plan as it shall deem advisable, subject to any requirement of stockholder approval required by applicable law, rule or regulation, including Section 162(m) of the Code and any rule of the New York Stock Exchange, or any other stock exchange on which shares of Common Stock are traded; provided, however, that no amendment may impair the rights of the Optionee without the consent of the Optionee.

20. GOVERNING LAW AND SEVERABILITY. To the extent not otherwise governed by the Code or the laws of the

United States, this Agreement shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws. For purposes of litigating any dispute that cannot be resolved pursuant to Section 8 above, the parties hereby submit and consent to the exclusive jurisdiction of the State of Delaware and agree that any such litigation shall be conducted only in the courts of Delaware or the federal courts of the United States located in Delaware and no other courts.

If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms.

21. OTHER REQUIREMENTS AND EXHIBIT A. The Company is not obligated and will have no liability for failure to issue or deliver any Common Stock upon exercise of this Option if such issuance or delivery would violate any applicable laws, with compliance with applicable laws determined by the Company in consultation with its legal counsel. The Optionee understands that the applicable laws of the country in which Optionee is residing or working at the time of grant or vesting of this Option (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may restrict or prevent the issuance of shares thereunder. Furthermore, the Company reserves the right to impose other requirements on the Optionee's participation in the Plan, on this Option, and the Common Stock subject to this Option, to the extent the Company determines it is necessary or advisable in order to comply with applicable laws or facilitate the administration of the Plan. The Optionee agrees to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, the Optionee acknowledges that the applicable laws of the country in which the Optionee is residing or working at the time of grant, vesting or exercise of the Option or the issuance, holding, or sale of Common Stock received pursuant to the Option (including any rules or regulations governing securities, foreign exchange, tax, labor, or other matters) may subject the Optionee to additional procedural or regulatory requirements that the Optionee is and will be solely responsible for and must fulfill. Such requirements may be outlined in but are not limited to any special provisions set forth in Exhibit A for the Optionee's country, if any. Notwithstanding any provision herein, the Optionee's participation in the Plan shall be subject to any applicable special terms and conditions or disclosures as set forth in Exhibit A. If the Optionee relocates to one of the countries included in Exhibit A during the term of the Option or while holding shares of Common Stock issued upon exercise of the Option, the special provisions for such country shall apply to the Optionee, to the extent the Company determines that the application of such provisions is advisable or necessary in order to comply with local law or facilitate the administration of the Plan. Exhibit A constitutes part of this Agreement.

22. COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

23. OPTION SUBJECT TO CLAWBACK. The Option and any cash payment or shares of Common Stock delivered pursuant to the Option are subject to forfeiture, recovery by the Company or other action pursuant to this Agreement or any clawback or recoupment policy which the Company may adopt from time to time, including without limitation any such policy which the Company may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.

24. DEFINED TERMS. As used in this Agreement, the following terms shall have the meanings set forth below:

(a) "Cause" shall mean as determined by the Company, (i) the willful failure by the Optionee to substantially perform his or her duties with the Company (other than any such failure resulting from the Optionee's incapacity due to physical or mental illness); (ii) the Optionee's willful misconduct that is demonstrably and materially injurious to the Company, monetarily or otherwise; (iii) the Optionee's commission of such acts of dishonesty, fraud, misrepresentation or other acts of moral turpitude as would prevent the effective performance of the Optionee's duties; or (iv) the Optionee's conviction or plea of no contest to a felony or a crime of moral turpitude.

(b) "Disability" shall mean that the Optionee, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, is receiving income replacement benefits for a period of not less than three months under a long-term disability plan maintained by the Company or one of its Subsidiaries.

(c) The Optionee shall have "Good Reason" to effect a voluntary termination of his or her employment in the event that the Company (i) breaches its obligations to pay any salary, benefit or bonus due to him or her, including its obligations under this Agreement, (ii) requires the Optionee to relocate more than 50 miles from the Optionee's current, principal place of employment, (iii) assigns to the Optionee any duties inconsistent with the Optionee's position with the Company or significantly and adversely alters the nature or status of the Optionee's responsibilities or the conditions of the Optionee's employment, or (iv) reduces the Optionee's base salary and/or bonus opportunity, except for across-the-board reductions similarly affecting all similarly situated employees of the Company and all similarly situated employees of any corporation or other entity which is in control of the Company; and in the event of any of (i), (ii), (iii) or (iv), the Optionee has given written notice to the Committee or the Board of Directors as to the details of the basis for such Good Reason within thirty (30) days following the date on which the Optionee alleges the event giving rise to such Good Reason occurred, the Company has failed to provide a reasonable cure within thirty (30) days after its receipt of such notice and the effective date of the termination for Good Reason occurs within 90 days after the initial existence of the facts or circumstances constituting Good Reason.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

DINE BRANDS GLOBAL, INC.

By: ____
Stephen P. Joyce
Chief Executive Officer

The undersigned has had the opportunity to read the terms and provisions of the foregoing Agreement and the terms and provisions of the Plan, herein incorporated by reference. The undersigned hereby accepts and agrees to all the terms and provisions of the foregoing Agreement and to all the terms and provisions of the Plan, herein incorporated by reference.

Optionee Signature

Address

City/State/Zip

EXHIBIT A

DINE BRANDS GLOBAL, INC.
2016 STOCK INCENTIVE PLAN
SPECIAL PROVISIONS FOR NONQUALIFIED STOCK OPTIONS FOR OPTIONEES OUTSIDE THE U.S.

This Exhibit A includes special terms and conditions applicable to Optionees in the countries below. These terms and conditions are in addition to those set forth in the Nonqualified Stock Option Agreement (the ***"Agreement"***). Any capitalized term used in this Exhibit A without definition shall have the meaning ascribed to such term in the Dine Brands Global, Inc. 2016 Stock Incentive Plan, as amended from time to time (the ***"Plan"***), and the Agreement, as applicable.

This Exhibit A also includes information relating to exchange control and other issues of which the Optionee should be aware with respect to his or her participation in the Plan. However, because such laws are often complex and change frequently, the Company strongly recommends that the Optionee not rely on the information herein as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time the Option (the "Option") is exercised or shares of Common Stock acquired under the Plan are sold.

In addition, the information is general in nature and may not apply to the particular situation of the Optionee, and the Company is not in a position to assure the Optionee of any particular result. Accordingly, the Optionee is advised to seek appropriate professional advice as to how the relevant laws in his or her country may apply to his or her situation. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Optionee's acceptance of the Option or participation in the Plan. Finally, if the Optionee is a citizen or resident of a country other than the one in which he or she is currently working, the information contained herein may not be applicable to the Optionee.

Securities Law Notice: Unless otherwise noted, neither the Company nor the Common Stock are registered with any local stock exchange or under the control of any local securities regulator outside the United States. The Agreement (of which this Exhibit A is a part), the Plan, and any other communications or materials that you may receive regarding participation in the Plan do not constitute advertising or an offering of securities outside the United States, and the issuance of securities described in any Plan-related documents is not intended for public offering or circulation in your jurisdiction.

EUROPEAN UNION

Data Privacy. The following supplements the Section 13 of the Agreement: ***Optionee understands that Personal Data will be held only as long as is necessary to implement, administer and manage Optionee's participation in the Plan. Optionee understands that he or she may, at any time, view his or her Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, without cost, by contacting in writing Optionee's local human resources representative.***

BRAZIL

Exchange Control Information. If the Optionee is resident or domiciled in Brazil, the Optionee will be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil ("BACEN") if the aggregate value of such assets and rights equals or exceeds US $100,000. Assets and rights that must be reported include shares of Common Stock of the Company. The reporting should be completed at the beginning of the year.

CANADA

Foreign Share Ownership Reporting. If the Optionee is a Canadian resident, the Optionee's ownership of certain foreign property (including shares of foreign corporations) in excess of $100,000 may be subject to ongoing annual reporting obligations. Please refer to CRA Form T1135 (Foreign Income Verification Statement) and consult your tax advisor for further details. It is your responsibility to comply with all applicable tax reporting requirements.

MEXICO

Labor Law Statement. The invitation Dine Brands Global, Inc. is making under the Plan is unilateral and discretionary and is not related to the salary and other contractual benefits granted to Optionee by Optionee's employer. Dine Brands Global, Inc. reserves the absolute right to amend the Plan and discontinue it at any time without any liability to Optionee. This invitation and, in Optionee's case, the acquisition of shares does not, in any way, establish a labor relationship between Optionee and Dine Brands Global, Inc., nor does it establish any rights between Optionee and Optionee's employer.

La invitación que Dine Brands Global, Inc. hace en relación con el Plan es unilateral y discrecional, por lo tanto, Dine Brands Global, Inc. se reserva el derecho absoluto para modificar o terminar el mismo, sin ninguna responsabilidad para usted. Esta invitación y, en su caso, la adquisición de acciones, de ninguna manera establecen relación laboral alguna entre usted y Dine Brands Global, Inc. y tampoco establece derecho alguno entre usted y su empleador.

PHILIPPINES

Securities Law Notice. This offering is subject to exemption from the requirements of registration with the Philippines Securities and Exchange Commission under Section 10.1 (k) of the Philippines Securities Regulation Code. **THE SECURITIES BEING OFFERED OR SOLD HAVE NOT BEEN REGISTERED WITH THE PHILIPPINES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE. ANY FUTURE OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.**

UAE

This Option has not been approved or licensed by the UAE Central Bank, the UAE Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This offer is strictly private and confidential and the terms of such offer have not been reviewed by, deposited or registered with the UAE Central Bank, the UAE Securities and Commodities Authority or any other licensing authority or governmental agencies in the United Arab Emirates. This offer is being issued from outside the United Arab Emirates and must not be provided to any person other than the Holder and may not be reproduced or used for any other purpose. Further, the information contained in this offer is not intended to lead to the issue of any securities or the conclusion of any other contract of whatsoever nature within the territory of the United Arab Emirates.

Exhibit 10.38

Performance Award Agreement – Employees – Double Metric _ Accelerated Retirement Vesting

DINE BRANDS GLOBAL, INC.
2016 STOCK INCENTIVE PLAN
PERFORMANCE AWARD AGREEMENT

THIS PERFORMANCE AWARD AGREEMENT (the "Agreement") is entered into as of ___________, by and between **DINE BRANDS GLOBAL, INC.** (formerly, DineEquity, Inc.), a Delaware corporation (the "Company"), and ___________, an employee of the Company (the "Participant").

RECITALS:

Pursuant to the Dine Brands Global, Inc. 2016 Stock Incentive Plan (the "Plan"), the Compensation Committee of the Board of Directors of the Company (the "Committee"), as the administrator of the Plan, has determined that the Participant is to be granted a Performance Award (the "Award") payable in the form of cash on the terms and conditions set forth herein.

Any capitalized terms not defined herein shall have their respective meanings set forth in the Plan.

AGREEMENT:

In consideration of the foregoing and of the mutual covenants set forth herein and other good and valuable consideration, the parties hereto agree as follows:

1. GRANT OF PERFORMANCE UNITS. Subject to the attainment of the performance goals set forth on Exhibit A, the Participant is entitled to that number of performance units ("Performance Units") determined in accordance with Exhibit A and subject to the terms and conditions of this Agreement. Each Performance Unit shall have a value of $1.00. At the end of the three-year performance period beginning on [______] and ending on [______] (the "Performance Period"), the Committee shall determine the total number of Performance Units payable pursuant to the Award in accordance with the two Performance Unit matrices set forth on Exhibit A hereto and the Committee's determination of the applicable performance levels.

2. VESTING AND SETTLEMENT OF PERFORMANCE UNITS.

(a) Service Vesting. Subject to the Participant's continuous employment with the Company through the last day of the Performance Period and subject to the certification by the Committee of the performance levels achieved, as set forth in Exhibit A, the Participant shall become vested in the number of Performance Units that are earned. Performance Units that have vested in accordance with this Section 2 are referred to herein as "Vested Units." Performance Units that are not vested are referred to herein as "Unvested Units."

(b) Disability or Death. If the Participant's employment with the Company terminates due to Disability or death, the Performance Units shall become immediately vested on a prorated basis, based on the portion of the Performance Period that has elapsed prior to the date of termination, determined in accordance with the Company's administrative practices, and thereafter be considered Vested Units; provided that the number of Performance Units earned shall be determined at the end of the Performance Period based on the actual performance levels achieved, as set forth in Exhibit A.

(c) Change in Control. Upon the occurrence of a Change in Control, the Participant shall, with respect to all outstanding, unvested Performance Units held by the Participant immediately prior to the Change in Control, be deemed to have satisfied the performance criteria, as set forth in Exhibit A, based on actual performance through the date of the Change in Control, and following the Change in Control the Performance Units shall continue to vest based upon the service vesting requirements of Sections 2(a) and 2(b). If the Participant's employment with the Company is terminated within a period of twenty-four (24) months following the Change in Control (i) by the Company other than for Cause or (ii) by the Participant for Good Reason (as such terms are defined herein below or in the Plan), the Performance Units shall become immediately and fully vested and thereafter be considered Vested Units, and shall be paid to the Participant not later than thirty (30) days after the date of such termination.

(d) Retirement. If the Participant's employment with or service to the Company terminates by reason of Retirement, the Performance Units shall become immediately fully vested and thereafter be considered Vested Units; provided that the number of Performance Units earned shall be determined at the end of the Performance Period based on the actual performance levels achieved, as set forth in Exhibit A.

(e) Termination of Unvested Units. Except as set forth in Sections 2(b), 2(c) and 2(d), upon the termination of the Participant's employment, any then Unvested Units held by the Participant shall be forfeited and canceled as of the date of such termination.

(f) Settlement of Vested Units. The Vested Units shall be settled by the delivery of a cash payment equal to $1.00 times the number of Vested Units to the Participant or a designated brokerage firm within 2½ months after the last day of the Performance Period or, if earlier, in accordance with Section 2(b).

3. NON-TRANSFERABILITY OF AWARD. The Award and this Agreement shall not be transferable other than by will, the laws of descent and distribution, or pursuant to beneficiary designation procedures approved by the Company. Notwithstanding the foregoing, the Award and this Agreement may be transferable to the Participant's family members, to a trust or entity established by the Participant for estate planning purposes, to a charitable organization designated by the Participant or pursuant to a qualified domestic relations order. Except to the extent permitted by this Section 3, the Award may be exercised or settled during the Participant's lifetime only by the Participant or the Participant's legal representative or similar person. Except as permitted by this Section 3, the Award may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of the Award, the Award and all rights thereunder shall immediately become null and void.

4. DISPUTE RESOLUTION. The parties hereto will use their reasonable best efforts to resolve any dispute hereunder through good faith negotiations. A party hereto must submit a written notice to any other party to whom such dispute pertains, and any such dispute that cannot be resolved within thirty (30) calendar days of receipt of such notice (or such other period to which the parties may agree) will be submitted to an arbitrator selected by mutual agreement of the parties. In the event that, within fifty (50) days of the written notice referred to in the preceding sentence, a single arbitrator has not been selected by mutual agreement of the parties, a panel of arbitrators (with each party to the dispute being entitled to select one arbitrator and, if necessary to prevent the possibility of deadlock, one additional arbitrator being selected by such arbitrators selected by the parties to the dispute) shall be selected by the parties. Except as otherwise provided herein or as the parties to the dispute may otherwise agree, such arbitration will be conducted in accordance with the then existing rules of the American Arbitration Association. The decision of the arbitrator or arbitrators, or of a majority thereof, as the case may be, made in writing will be final and binding upon the parties hereto as to the questions submitted, and the parties will abide by and comply with such decision; provided, however, the arbitrator or arbitrators, as the case may be, shall not be empowered to award punitive damages. Unless the decision of the arbitrator or arbitrators, as the case may be, provides for a different allocation of costs and expenses determined by the arbitrators to be equitable under the circumstances, the prevailing party or parties in any arbitration will be entitled to recover all reasonable fees (including but not limited to attorneys' fees) and expenses incurred by it or them in connection with such arbitration from the non-prevailing party or parties.

5. NOTICES. Any notice required or permitted under this Agreement shall be deemed given when delivered either personally, by overnight courier, or when deposited in a United States Post Office, postage prepaid, addressed as appropriate, to the Participant either at his/her address set forth below or such other address as he or she may designate in writing to the Company, or to the Company: Attention: General Counsel (or said designee), at the Company's address or such other address as the Company may designate in writing to the Participant.

6. RIGHTS AS A STOCKHOLDER. This Award shall not entitle the Participant to any privileges of ownership of shares of Common Stock.

7. FAILURE TO ENFORCE NOT A WAIVER. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

8. WITHHOLDING. The Company shall withhold from any payment to the Participant under this Agreement, the amount necessary to satisfy any federal, state, local or other taxes that may be required to be withheld in connection with the Award.

9. INCORPORATION OF PLAN. The Plan is hereby incorporated by reference and made a part hereof, and the Award and this Agreement are subject to all terms and conditions of the Plan.

10. EMPLOYMENT. Neither the Plan, the granting of the Award, this Agreement nor any other action taken pursuant to the Plan shall confer upon any person any right to continued employment by or service with the Company, any Subsidiary or any affiliate of the Company or affect in any manner the right of the Company, any Subsidiary or any affiliate of the Company to terminate the employment of any person at any time without liability hereunder. For purposes of this Agreement, references to employment shall include employment or service with any Subsidiary of the Company.

11. AMENDMENT AND TERMINATION. The Board may amend the Plan as it shall deem advisable, subject to any requirement of stockholder approval required by applicable law, rule or regulation, including Section 162(m) of the Code provided,

however, that no amendment may impair the rights of the Participant without the consent of the Participant.

12. GOVERNING LAW. To the extent not otherwise governed by the Code or the laws of the United States, this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Delaware, without regard to its conflicts of laws rules.

13. SECTION 409A. This Agreement is intended to comply with the requirements of Section 409A of the Code, and shall be interpreted and construed consistently with such intent. The payments to the Participant pursuant to this Agreement are also intended to be exempt from Section 409A of the Code to the maximum extent possible as short-term deferrals pursuant to Treasury regulation §1.409A-1(b)(4). In the event the terms of this Agreement would subject the Participant to taxes or penalties under Section 409A of the Code ("409A Penalties"), the Company and the Participant shall cooperate diligently to amend the terms of this Agreement to avoid such 409A Penalties, to the extent possible; provided that in no event shall the Company be responsible for any 409A Penalties that arise in connection with any amounts payable under this Agreement. To the extent any amounts under this Agreement are payable by reference to the Participant's termination of employment, such term shall be deemed to refer to the Participant's "separation from service," within the meaning of Section 409A of the Code. Notwithstanding any other provision in this Agreement, if the Participant is a "specified employee," as defined in Section 409A of the Code, as of the date of Participant's separation from service, then to the extent any amount payable to the Participant (i) constitutes the payment of nonqualified deferred compensation, within the meaning of Section 409A of the Code, (ii) is payable upon the Participant's separation from service and (iii) under the terms of this Agreement would be payable prior to the six-month anniversary of the Participant's separation from service, such payment shall be delayed until the earlier to occur of (a) the first business day following the six-month anniversary of the separation from service and (b) the date of the Participant's death.

14. COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

15. AWARDS SUBJECT TO CLAWBACK. The Award and any cash payment or shares of Common Stock delivered pursuant to the Award are subject to forfeiture, recovery by the Company or other action pursuant to this Agreement or any clawback or recoupment policy which the Company may adopt from time to time, including without limitation any such policy which the Company may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.

16. DEFINED TERMS. As used in this Agreement, the following terms shall have the meanings set forth below:

(a) "Cause" shall mean as determined by the Company, (i) the willful failure by the Participant to substantially perform his or her duties with the Company (other than any such failure resulting from the Participant's incapacity due to physical or mental illness); (ii) the Participant's willful misconduct that is demonstrably and materially injurious to the Company, monetarily or otherwise; (iii) the Participant's commission of such acts of dishonesty, fraud, misrepresentation or other acts of moral turpitude as would prevent the effective performance of the Participant's duties; or (iv) the Participant's conviction or plea of no contest to a felony or a crime of moral turpitude.

(b) "Disability" shall mean that the Participant, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, is receiving income replacement benefits for a period of not less than three months under a long-term disability plan maintained by the Company or one of its Subsidiaries.

(c) The Participant shall have "Good Reason" to effect a voluntary termination of his or her employment in the event that the Company (i) breaches its obligations to pay any salary, benefit or bonus due to him or her, including its obligations under this Agreement, (ii) requires the Participant to relocate more than 50 miles from the Participant's current, principal place of employment, (iii) assigns to the Participant any duties inconsistent with the Participant's position with the Company or significantly and adversely alters the nature or status of the Participant's responsibilities or the conditions of the Participant's employment, or (iv) reduces the Participant's base salary and/or bonus opportunity, except for across-the-board reductions similarly affecting all similarly situated employees of the Company and all similarly situated employees of any corporation or other entity which is in control of the Company; and in the event of any of (i), (ii), (iii) or (iv), the Participant has given written notice to the Committee or the Board of Directors as to the details of the basis for such Good Reason within thirty (30) days following the date on which the Participant alleges the event giving rise to such Good Reason occurred, the Company has failed to provide a reasonable cure within thirty (30) days after its receipt of such notice and the effective date of the termination for Good Reason occurs within 90 days after the initial existence of the facts or circumstances constituting Good Reason.

IN WITNESS WHEREOF, the parties have executed this Performance Award Agreement on the day and year first above written.

COMPANY:

DINE BRANDS GLOBAL INC.

By: ______
Stephen P. Joyce
Chief Executive Officer

PARTICIPANT:

____
[Name]

____
Address

____
City/State/Zip

Exhibit A

Target Number of Performance Units (the "Target Award"): ________

1. Performance Criteria. Fifty percent (50%) of the Performance Units shall be earned based on Average Annual AEPS Growth and fifty percent (50%) of the Performance Units shall be earned based on TSR Performance, in accordance with the matrices below.

(a) Average Annual AEPS Growth. The target number of Performance Units subject to attainment of Average Annual AEPS Growth goals shall be fifty percent (50%) of the Target Award (the "Target AEPS Growth Units").

Average Annual AEPS Growth	**Percentage of Target AEPS Growth Units Earned**
<10%	0%
10%	50%
20%	100%
≥30%	200%

The payout shall be interpolated on a linear basis between 50% and 200% of the Target AEPS Growth Units to the extent the Average Annual AEPS Growth of the Company is greater than 10% and less than 30%.

(b) TSR Performance. The target number of Performance Units subject to attainment of TSR goals shall be fifty percent (50%) of the Target Award (the "Target TSR Units").

Percentile Rank of Company's TSR Performance Among TSR Comparator Group Over Performance Period	**Percentage of Target TSR Units Earned**
<33rd Percentile	0%

33rd Percentile	50%
50th Percentile	100%
60th Percentile	125%
70th Percentile	150%
≥80th Percentile	200%

The payout shall be interpolated on a linear basis between 50% and 200% of Target TSR Units to the extent the TSR Performance of the Company is greater than the 33rd percentile and less than the 80th percentile among the Company's TSR Comparator Group.

For purposes of this Award:

"Annual AEPS Growth" means, for each year in the Performance Period, the percentage change in the Company's adjusted earnings per share as determined by the Board and reported on the Company's financial statements.

"Average Annual AEPS Growth" means the sum of the Annual AEPS Growth with respect to each year in the Performance Period, divided by three.

"Stock Price" means the closing transaction price of a share of common stock of a company, as reported on the principal national stock exchange on which such common stock is traded, for the day on which the Stock Price is being determined, or if no such shares are traded on such day, the most recent day on which such shares were traded.

"TSR Comparator Group" means an index of restaurant companies approved by the Committee at the beginning of the Performance Period, and adjusted in accordance with the guidelines set forth below:

(i) If two indexed companies merge, the performance of the combined companies is tracked for balance of the Performance Period.

(ii) If an indexed company is acquired by a non-indexed company, the acquired company is excluded from the calculation.

(iii) If an indexed company becomes insolvent, it is included as zero at the bottom of the ranking.

"TSR Performance" means a company's cumulative total shareholder return as measured by dividing (A) the sum of (i) the cumulative amount of dividends for the Performance Period and (ii) the increase or decrease in the Stock Price from the first day of the Performance Period to the last day of the Performance Period, by (B) the Stock Price determined as of the first day of the Performance Period.

Exhibit 10.51

DINE BRANDS GLOBAL, INC.
AMENDED AND RESTATED EXECUTIVE SEVERANCE AND CHANGE IN CONTROL POLICY

1. Purpose. The Dine Brands Global, Inc. Executive Severance and Change in Control Policy (the "**Policy**") is amended and restated effective January 1, 2019 ("**Effective Date**") to provide severance benefits under specified circumstances to Participants (as defined below) of Dine Brands Global, Inc. or its wholly-owned subsidiaries (collectively the "**Corporation**") who are in a position to contribute materially to the success of the Corporation. As consideration for severance benefits under this Policy, the Participant shall release the Corporation from any and all actions, suits, proceedings, claims and demands related to employment with the Corporation and to the termination by signing a waiver and release document in a form provided by the Corporation. Such document shall include a statement that benefits under this Policy are conditioned upon the Corporation's receipt of a signed release.

2. Definitions.

For purposes of the Policy, the following terms are defined as follows:

a. Base Salary. "**Base Salary**" means the fixed annual base salary (excluding bonuses and other benefits) paid to an employee regularly each pay period for performing assigned job responsibilities.

b. Cause. "**Cause**" means, as determined by the Corporation:

(i) The willful failure by the Participant to substantially perform his or her duties with the Corporation (other than any such failure resulting from the Participant's incapacity due to physical or mental illness);

(ii) The Participant's willful misconduct that is demonstrably and materially injurious to the Corporation, monetarily or otherwise;

(iii) The Participant's commission of such acts of dishonesty, fraud, misrepresentation or other acts of moral turpitude as would prevent the effective performance of the Participant's duties; or

(iv) The Participant's conviction or plea of no contest to a felony or a crime of moral turpitude.

For purposes of this subsection b., no act, or failure to act, on the Participant's part shall be deemed "willful" unless done, or omitted to be done, by the Participant not in good faith and without the reasonable belief that the Participant's action or omission was in the best interest of the Corporation.

c. **Change in Control.** A "**Change in Control**" shall be deemed to have occurred if:

(i) any "person," as such term is used in Sections 13(d) and 14(d) of the Securities and Exchange Act of 1934, as amended (the "**Exchange Act**") (other than the Corporation; any trustee or other fiduciary holding securities under an employee benefit plan of the Corporation; or any company owned, directly or indirectly, by the stockholders of the Corporation in substantially the same proportions as their ownership of Stock of the Corporation) is or becomes after the Effective Date the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation (not including in the securities beneficially owned by such person any securities acquired directly from the Corporation or its affiliates) representing 35% or more of the combined voting power of the Corporation's then outstanding securities;

(ii) during any period of two consecutive years (not including any period prior to the Effective Date), individuals who at the beginning of such period constitute the Board of Directors of the Corporation ("**Board**"), and any new director (other than a director designated by a person who has entered into an agreement with the Corporation to effect a transaction described in subsections (i), (iii) or (iv) of this Section 2.c.) whose election by the Board or nomination for election by the Corporation's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof; or

(iii) the consummation of a merger or consolidation of the Corporation with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Corporation, at least 75% of the combined voting power of the voting securities of the Corporation or such surviving entity outstanding immediately after such merger or consolidation or (B) a merger or consolidation effected to implement a recapitalization of the Corporation (or similar transaction) in which no person acquires more than 50% of the combined voting power of the Corporation's then outstanding securities; or

(iv) the stockholders of the Corporation approve a plan of complete liquidation of the Corporation or an agreement for the sale or disposition by the Corporation of all or substantially all of the Corporation's assets;

provided, that with respect to any non-qualified deferred compensation that becomes payable on account of the Change in Control, the transaction or event described in subsection i., ii., iii. or iv. also constitutes a "change in control event," as defined in

Treasury Regulation §1.409A-3(i)(5) if required in order for the payment not to violate Section 409A of the Code.

d. Participant. "**Participant**" means any employee without an employment contract (i) with the title of Senior Vice President or higher who serves as an officer of the Corporation, (ii) who is selected by the Compensation Committee to be eligible for severance benefits under this Policy as a person in a position to contribute materially to the success of the Corporation, or (iii) who is grandfathered into this Policy by virtue of being an officer in the Corporation prior to the Effective Date and who has been notified before the Effective Date that this Policy shall apply to that individual.

e. Good Reason. "**Good Reason**" for voluntary termination of employment pursuant to Section 6 below means that the Corporation (i) breaches its obligations to pay any salary, benefit or bonus due to Participant, (ii) requires the Participant to relocate more than 50 miles from the Participant's current, principal place of employment, (iii) assigns to the Participant any duties inconsistent with the Participant's position with the Corporation or significantly and adversely alters the nature or status of the Participant's responsibilities or the conditions of the Participant's employment, or (iv) reduces the Participant's Base Salary and/or bonus opportunity, except for across-the-board reductions similarly affecting all management personnel of the Corporation and all management personnel of any corporation or other entity which is in control of the Corporation; and in the event of any of (i), (ii), (iii) or (iv), the Participant has given written notice to the Committee or the Board of Directors as to the details of the basis for such Good Reason within 30 days following the date on which the Participant alleges the event giving rise to such Good Reason occurred, the Corporation has failed to provide a reasonable cure within 30 days after its receipt of such notice and the effective date of the termination for Good Reason occurs within 90 days after the initial existence of the facts or circumstances constituting Good Reason.

f. Severance Benefits. "**Severance Benefits**" means the benefits set forth in Section 5 of this Policy.

g. Severance Benefits Subsequent to a Change in Control. "**Severance Benefits Subsequent to a Change in Control**" means the benefits set forth in Section 6 of this Policy.

3. Administration. This Policy is administered by the Chief Executive Officer of the Corporation. The Chief Executive Officer has discretion and authority with respect to the administration, interpretation and application of the Policy, except as expressly limited by the terms of the Policy. The Chief Executive Officer must receive approval from the Compensation Committee of the Board of Directors (the "**Committee**") in order to authorize severance benefits outside of the terms of this Policy to the employees covered by this Policy.

4. Participation. A Participant who is entitled to severance benefits pursuant to a separate severance benefit arrangement, change in control severance agreement, employment agreement or other written agreement with the Corporation shall not be eligible for severance benefits under this Policy.

5. Severance Benefits. Any Participant whose employment with the Corporation is involuntarily terminated by the Corporation without Cause shall be eligible for Severance Benefits hereunder provided the Participant has returned a signed general release of all claims, substantially in the form attached hereto as **Exhibit A** (the "**Release**"), to the Committee within the time period requested by the Committee and has not revoked the Release within the time permitted under any applicable state and federal laws. The Release may be revised from time to time to comply with applicable law or to reflect changes made to the Corporation's standard form of general release of all claims for all Participants. For purposes of this Policy, involuntary termination by the Corporation shall mean a separation from service within the meaning of Section 409A of the Internal Revenue Code (the "**Code**") and the regulations thereunder, which separation is initiated by the Corporation.

a. Payment Amount.

(i) The severance pay ("**Severance Pay**") to which a Participant is eligible pursuant to this Section 5 shall be either (i) a payment equal to 6 months Base Salary for a Participant who has been employed by the Corporation for less than 12 consecutive months, (ii) a payment equal to 9 months Base Salary for a Participant who has been employed by the Corporation for less than 24 consecutive months, or (iii) a payment equal to 12 months Base Salary for a Participant who has been employed by the Corporation for at least 24 consecutive months.

(ii) Additionally, the Participant shall receive a payment equal to the bonus to which the Participant would have been entitled under the Corporation's annual incentive plan for the then current fiscal year, determined based on actual performance for the full performance period, and prorated based on the portion of the performance period that has elapsed prior to the date of termination, determined in accordance with the Corporation's administrative practices.

b. Continued Benefits. For a Participant who has been employed by the Corporation for less than 12 consecutive months, in the event Participant elects COBRA coverage, the Corporation will pay 50% of the COBRA premium cost for Participant and such dependent(s) as are designated as of the separation date for up to 6 months, or until Participant becomes eligible for benefits through another employer, whichever is earlier. For a Participant who has been employed by the Corporation for less than 24 consecutive months, in the event Participant elects COBRA coverage, the Corporation will pay 50% of the COBRA premium cost for Participant and such dependent(s) as are designated as of the separation date for up to 9 months, or until Participant becomes eligible for benefits through another employer, whichever is earlier. For a Participant who has been employed by the Corporation for at least 24 consecutive months, in the event Participant elects COBRA coverage, the Corporation will pay 50% of the COBRA premium cost for Participant and such dependent(s) as are designated as of the separation date for up to 12 months, or until Participant becomes eligible for benefits through another employer, whichever is earlier. To the extent that Participant becomes eligible for benefits through another employer during this time, Participant shall give prompt written notice to the Corporation, no later than 30 days after Participant becomes eligible for benefits through another employer.

c. Method of Payment. The payment described in clause (i) of Section 5.a. shall be paid to the eligible Participant in a lump sum within 30 days after the effective date of the Participant's termination of employment, except to the extent payment is required to be delayed pursuant to Section 12, and provided that if such thirty-day period straddles two consecutive calendar years, payment shall be made in the second of such years. The bonus payment described in clause (ii) of Section 5.a. shall be paid at the time the annual bonus would have been paid to the Participant had he or she remained employed through the last day of the applicable fiscal year.

d. Death of Participant. If a Participant dies after signing the release and prior to receiving Severance Pay to which he or she is entitled pursuant to the Policy, payment shall be made to the beneficiary designated by the Participant to the Corporation or, in the event of no designation of beneficiary, then to the estate of the deceased Participant.

e. Outplacement Benefit. The Corporation shall provide standard outplacement services at the expense of the Corporation, but not to exceed in total an amount equal to $5,000, from an outplacement firm selected by the Corporation. In order to receive outplacement services, the Participant must begin utilizing the services within 90 days of his or her date of termination.

6. Severance Benefits Subsequent to a Change in Control. Any Participant whose employment with the Corporation is involuntarily terminated by the Corporation without Cause within 24 months following a Change in Control or whose employment is voluntarily terminated by the Participant for Good Reason within 24 months following a Change in Control shall be eligible for Severance Pay and Severance Benefits hereunder provided the Participant has returned a signed Release to the Committee within the time period requested by the Committee and has not revoked the Release within the time permitted under any applicable state and federal laws.

a. Payment Amount. The amount of Severance Pay for which a Participant is eligible hereunder shall be a payment equal to 24 months Base Salary plus a sum equal to the greater of the Participant's target bonus for the year in which the termination takes place or the average of the bonuses received by the Participant pursuant to the Corporation's annual incentive plan or other similar bonus plan relating to the prior three fiscal years.

b. Continued Benefits. In the event Participant elects COBRA coverage, the Corporation will pay the COBRA premium cost for Participant and such dependent(s) as are designated as of the separation date for 24 months, or until Participant becomes eligible for benefits through another employer, whichever is earlier. To the extent that Participant becomes eligible for benefits through another employer during this time, Participant shall give prompt written notice to the Corporation, no later than 30 days after Participant becomes eligible for benefits through another employer.

c. Accelerated Vesting of Equity and Long-Term Incentive Awards.

Any unvested stock options, stock appreciation rights, restricted stock awards, restricted stock units, and other equity-based awards held by the Participant that are subject only to service and time based vesting conditions (and not performance-based vesting conditions) will vest as of the day immediately preceding the effective date of termination and, to the extent applicable, will become exercisable, and any restrictions or conditions on such equity-based awards shall immediately lapse and be deemed satisfied. Any stock options or stock appreciation rights held by the Participant shall remain exercisable until the earlier of 24 months after the date of termination or their original expiration date.

Upon the occurrence of a Change in Control, each Participant shall, with respect to all outstanding, unvested performance units and any other equity-based and long-term cash-based compensation awards subject to performance-based vesting criteria that are held by such Participant immediately prior to the Change in Control, be deemed to have satisfied any performance-based vesting criteria based on the Corporation's actual performance through the date of the Change in Control, and following the Change in Control any such awards shall continue to vest based upon the time or service-based vesting criteria, if any, to which the award is subject. If the Participant's employment terminates in accordance with the terms and conditions of this Section 6 after such Change in Control, such performance-based awards shall become immediately and fully vested, and shall be paid to the Participant not later than 30 days after the date of such termination.

Severance Benefits Subsequent to a Change in Control shall be in lieu of any Severance Benefits which accrue under Section 5 of this Policy.

d. Method of Payment. Severance Pay payable pursuant to this Section 6 shall be paid to an eligible Participant in a lump sum issued within 30 days after the effective date of the Participant's termination of employment, except to the extent payment is required to be delayed pursuant to Section 12, and provided that if such thirty-day period straddles two consecutive calendar years, payment shall be made in the second of such years.

e. Death of Participant. If a Participant dies after signing the release and prior to receiving Severance Pay to which he or she is entitled pursuant to the Policy, payment shall be made to the beneficiary designated by the Participant to the Corporation or, in the event of no designation of beneficiary, then to the estate of the deceased Participant.

f. Outplacement Benefit. The Corporation shall provide standard outplacement services at the expense of the Corporation, but not to exceed in total an amount equal to $5,000, from an outplacement firm selected by the Corporation. In order to receive outplacement services, the Participant must begin utilizing the services within 90 days of his or her date of termination.

7. No Duplication of Benefits. This Policy supersedes any and all prior policies or practices in effect from time to time relating to severance, separation or termination pay for the Participant. The acceptance of any Severance Pay under this Policy shall constitute a waiver of any severance pay or other severance benefits the Participant would have been entitled to under any prior policies or practices, any employment or other agreement between the Corporation and the Participant, and under any other severance policy of the Corporation.

8. Funding. The Policy shall at all times be entirely unfunded and no provision shall at any time be made with respect to segregating assets of the Corporation for payment of any Severance Pay or Severance Benefits hereunder. No Participant or other person shall have any interest in any particular assets of the Corporation by reason of the right to receive Severance Pay or Severance Benefits under the Policy and any such Participant or any other person shall have only the rights of a general unsecured creditor of the Corporation with respect to any rights under the Policy.

9. Taxation. All Severance Pay and Severance Benefits shall be subject to federal, state and local tax deductions and withholding for the same.

10. Non-Exclusivity of Rights. The terms of the Policy shall not prevent or limit the right of a Participant to receive any base annual salary, pension or welfare benefit, perquisite, bonus or other payment provided by the Corporation to the Participant, except for such rights as the Participant may have specifically waived in writing. Amounts that are vested benefits or which the Participant is otherwise entitled to receive under any benefit policy or program provided by the Corporation shall be payable in accordance with the terms of such policy or program.

11. Amendment and Termination. This Policy may be amended or terminated by the Committee acting in its sole discretion at any time; provided that during the 24-month period following a Change in Control, the Policy may not be amended or terminated in a manner that is adverse to any Participant without the written consent of such Participant. In addition, Participants may be added and deleted by the Committee acting in its sole discretion at any time. No such termination or amendment shall affect the rights of any individual who is then entitled to receive Severance Pay at the time of such amendment or termination. Severance Pay is not intended to be a vested right. The Chief Executive

Officer shall have the right in his or her sole discretion to interpret the Policy and make all other determinations he or she deems necessary or advisable for the administration of the Policy.

12. Compliance with IRC Section 409A. The following provisions shall apply to this Policy with respect to Section 409A of the Code:

a. The Severance Pay and Severance Benefits are intended to satisfy the short-term deferral exemption under Treasury Regulation Section 1.409A-1(b)(4) and shall be made not later than the last day of the applicable two and one-half month period with respect to such payment, within the meaning of Treasury Regulation Section 1.409A-1(b)(4).

b. If any provision of this Policy (or of any award of compensation, including equity compensation or benefits) would cause a Participant to incur any additional tax or interest under Section 409A of the Code or any regulations or Treasury guidance promulgated thereunder, the Corporation shall reform such provision to comply with Section 409A of the Code.

c. Notwithstanding any provision to the contrary in this Section 12, if a Participant is deemed on the date of his or her "separation from service" to be a "specified employee," within the meaning of such terms under Section 409A of the Code, then with regard to any payment or the provision of any benefit that is required to be delayed in compliance with Section 409A(a)(2)(B) of the Code such payment or benefit shall not be made or provided (subject to the last sentence hereof) prior to the earlier of (A) the expiration of the six-month period measured from the date of the Participant's separation from service or (B) the date of the Participant's death (the "Delay Period"). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 12 (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Participant in a lump sum, and any remaining payments and benefits due under this Policy shall be paid or provided in accordance with the normal payment dates specified for them herein.

13. Parachute Payment Matters.

Notwithstanding any other provision of this Policy, if by reason of Section 280G of the Code any payment or benefit received or to be received by a Participant in connection with a Change in Control or the termination of the Participant's employment (whether payable pursuant to the terms of this Policy ("**Policy Payments**") or any other plan, arrangements or agreement with the Corporation or an Affiliate (as defined below) (collectively with the Policy Payments, "**Total Payments**")) would not be deductible (in whole or part) by the Corporation, an Affiliate or other person making such payment or providing such benefit, then the Policy Payments shall be reduced and, if Policy Payments are reduced to zero, other Total Payments shall be reduced (in the reverse order in which they are due to be paid) until no portion of the Total Payments is not deductible by reason of Section 280G of the Code, provided, however, that no such reduction shall be made unless the net after-tax benefit received by the Participant after such reduction would exceed the net after-tax benefit received by the Participant if no such reduction was made. The foregoing determination and all determinations under this Section 13 shall be made by the Accountants (as defined below). For purposes of this Section 13, "net after-tax benefit" shall mean (i) the Total Payments that would constitute "parachute payments" within the meaning of Section 280G of the Code, less (ii) the amount of all federal, state and local income taxes payable with respect to such payments calculated at the maximum marginal income tax rate for each year in which the foregoing shall be paid to the Participant (based on the rate in effect for such year as set forth in the Code as in effect at the time of the first payment of the foregoing), less (iii) the amount of excise taxes imposed with respect to the payments and benefits described in (i) above by Section 4999 of the Code. For purposes of the foregoing determinations, (a) no portion of the Total Payments the receipt or enjoyment of which the Participant shall have effectively waived in writing prior to the date of payment of any Policy Payment shall be taken into account; (b) no portion of the Total Payments shall be taken into account which in the opinion of the Accountants does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (without regard to subsection (A)(ii) thereof); (c) the Policy Payments (and, thereafter, other Total Payments) shall be reduced only to the extent necessary so that the Total Payments in their entirety constitute reasonable compensation for services actually rendered within the meaning of Section 280G(b)(4) of the Code, in the opinion of the Accountants; and (d) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Accountants in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. For purposes of this Section 13, the term "Affiliate" means the Corporation's successors, any Person whose actions result in a Change in Control or any company affiliated (or which, as a result of the completion of the transactions causing a Change in Control shall become affiliated) with the Corporation within the meaning of Section 1504 of the Code and "Accountants" shall mean the Corporation's independent certified public accountants serving immediately prior to the Change in Control, unless the Accountants are also serving as accountant or auditor for the individual, entity or group effecting the Change in Control, in which case the Corporation shall appoint another nationally recognized public accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accountants hereunder). For purposes of making the determinations and calculations required herein, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code, provided that the Accountant's determinations must be made on the basis of "substantial authority" (within the meaning of Section 6662 of the Code). All fees and expenses of the Accountants shall be borne solely by the Corporation.

14. Non-Assignability. Severance Benefits pursuant to the Policy shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge prior to actual receipt thereof by a Participant; and any attempt to so anticipate, alienate, sell, transfer, assign, pledge, encumber or charge prior to such receipt shall be void; and the Corporation shall not be liable in any manner for, or subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to any Severance Benefits under this Policy.

15. Termination of Employment. Nothing in the Policy shall be deemed to entitle a Participant to continued employment with the Corporation, and the rights of the Corporation to terminate the employment of a Participant shall continue as though the Policy were not in effect.

Exhibit 10.51

Exhibit A

CONFIDENTIAL SEVERANCE AGREEMENT AND GENERAL RELEASE

This Confidential Severance Agreement and General Release (the "**Agreement**") dated as of _______________, is entered into by and between ________________ (hereinafter referred to as "**Executive**") and Dine Brands Global, Inc., a Delaware Corporation, its affiliates and subsidiaries (hereinafter referred to as the "**Corporation**"). Throughout this Agreement, Executive and the Corporation may be referred to collectively as the "parties".

Recitals

A. Executive has been employed by the Corporation. Executive's last day of employment by the Corporation will be _______________ (the "**Separation Date**").

B. Executive and the Corporation wish to enter into an Agreement to clarify and resolve any disputes that may exist between them arising out of the employment relationship and its termination, and any continuing obligations of the parties to one another following the end of the employment relationship.

C. In consideration of the Corporation's agreement to pay Executive a severance payment set forth herein, the Corporation has asked Executive to waive any and all rights Executive may have in potential claims against the Corporation, except for those rights provided in this Agreement and Executive's continuing right to enforce the terms and provisions of this Agreement against the Corporation. The Corporation has advised Executive of Executive's right to consult an attorney at Executive's own expense prior to signing this Agreement and has provided Executive with 21 calendar days in which to consider this Agreement and seek legal assistance. Executive has either consulted an attorney of Executive's choice or voluntarily elected not to consult legal counsel, and understands that except for Executive's rights preserved and provided for above and elsewhere in this Agreement, Executive is waiving all potential claims against the Corporation and its agents.

D. This Agreement is not and should not be construed as an admission or statement by either party that it or any other party has acted wrongfully or unlawfully. Both parties expressly deny any wrongful or unlawful action and enter this Agreement for the sole purpose of clarifying and resolving any potential issues between them.

E. The Effective Date of this Agreement is defined in paragraph 11(d) hereof. Each of the covenants and obligations set forth herein is contingent upon the occurrence of the Effective Date.

Agreement

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises contained below, it is agreed as follows:

1. Employment Ending Date. Executive's employment with the Corporation will terminate effective on the Separation Date. Executive will have no further employment duties or responsibilities to the Corporation after the Separation Date.

2. Payments and Benefits. In exchange for the promises contained in this Agreement, and so long as Executive does not revoke this Agreement:

a. Base Salary: The Corporation shall pay to Executive the total sum of _______________, representing __ months of base salary, less applicable tax, withholdings and deductions required by law, as severance pay and in exchange for the promises, agreements, understandings and releases contained in this Agreement. This sum will be paid as a lump sum through the Corporation's payroll after the Effective Date, but not later than 30 days after the Effective Date. Executive understands that, under applicable law, no Corporation match of 401(k) contributions can be made based on the separation payment.

b. Pro Rata Bonus: The Corporation agrees to pay Executive an amount equal to Executive's bonus under the annual incentive plan for the applicable fiscal year, prorated based on the portion of the performance period that has elapsed prior to the Separation Date, and based on actual performance. Executive's prorated target bonus is __________, which Executive acknowledges is the target amount that will be prorated and adjusted under the annual incentive plan according to actual performance of the Corporation. This pro rata bonus less applicable tax, withholdings, and deductions required by law, shall be paid in accordance with the Corporation's administration practices at the time the annual bonus would have been paid to the Executive had Executive remained employed.

c. Benefits: All Executive's benefits shall cease on Executive's last day of work except Executive's medical, vision, and dental benefits coverage, if any, will end as of the last day of month of the Separation Date. In the event Executive elects COBRA coverage, the Corporation will pay 50% of the COBRA premium cost for Executive and such dependent(s) as are designated as of the Separation Date for __ months, or until Executive becomes eligible for benefits through another employer, whichever is earlier. To the extent that Executive becomes eligible for benefits through another employer during this time, Executive agrees to give prompt written notice to the Corporation. The payment by the Corporation does not increase or otherwise affect the total number of months of coverage available through COBRA.

d. Outplacement Services: The Corporation shall provide standard outplacement services at the expense of the Corporation up to $5,000, from an outplacement firm selected by the Corporation. In order to receive outplacement services, Executive must begin utilizing the services within 90 days of the Separation Date.

The benefits described in (a) through (d) of this Paragraph constitutes the "**Separation Benefits**." Executive agrees to indemnify and hold the Corporation harmless from and against any claims made against the Corporation for any non-payment of taxes by Executive. In addition to the Separation Benefits set forth above, Executive will receive all wages through the Separation Date separate and apart from this Agreement.

3. Valid Consideration. The parties hereto acknowledge and agree that Executive's right to be paid the Separation Benefits identified in paragraph 2 is expressly conditioned on Executive signing this Agreement, and not thereafter revoking this Agreement. The parties further acknowledge and agree that the mutual promises and covenants contained herein constitute good, valid and sufficient consideration for this Agreement.

4. Unvested Equity. Executive is not entitled to any unvested stock options, stock appreciation rights, restricted stock awards, restricted stock units, and any other equity or cash-based awards held by Executive as of the Separation Date.

5. Return of Corporation Property. Executive covenants, represents and warrants to the Corporation that on the Separation Date, Executive will return to the Corporation any and all materials and property of the Corporation of any type whatsoever (including, without limitation, any vehicles and vehicles' keys, mobile phones, office or other keys, access cards, identification badges, computer equipment, correspondence, tangible proprietary information or intellectual property, documents, records, notes, contracts, and other confidential or proprietary materials) that are in Executive's possession or control.

6. Non-Disclosure of Confidential Information and Non-solicitation.

(a) Executive acknowledges that during the term of Executive's employment with the Corporation, Executive has had access to material intellectual property, trade secrets, proprietary and confidential information of the Corporation, including but not limited to, information concerning the Corporation's services; products; product formulas; recipes; business models; marketing; employees; franchisees; technology; consultants and experts; customer, dealer, vendor and partner data, including history, usage, pricing, preferences, incentives and rebate data for each; business plans, records and affairs; business partners; methods of doing business; merchandising concepts, strategies and plans; financial matters; pricing information; 'trade secrets'; and suppliers, as well as other information including but not limited to information learned by Executive from employees, contractors or agents of the Corporation through inspection of the Corporation's premises or financial statements, or that relates to the Corporation's products, services, packaging, designs, business plans, business opportunities, customers, dealers, clients, consultants, experts, finances, research, development, know-how, personnel, litigation, workouts, or third-party confidential information disclosed to Executive by the Corporation, together with any material prepared by Executive which contains or otherwise relates to such information (the "**Confidential Information**"). However, notwithstanding the forgoing, the following information shall be excluded from the above referenced definition of Confidential Information: any item of Confidential Information which (i) was publicly known at the time of its disclosure by the Corporation to Executive, (ii) was already in the Executive's possession at the time of its disclosure by the Corporation to Executive, (iii) was lawfully received by Executive from a third party without violation of any obligation of confidentiality to the Corporation, (iv) becomes publicly known through no fault of the Executive, (v) is approved for Executive’s disclosure by written authorization of the Corporation, or (vi) is required to be disclosed pursuant to any applicable law, rule, regulation or order of a court.

(b) Executive hereby represents, warrants and covenants that in any future employment or self-employment, Executive shall not disclose any Confidential Information, and shall refrain from any action or conduct which might reasonably or foreseeably be expected to compromise the confidentiality or proprietary nature of Confidential Information. Further, Executive hereby represents, warrants and covenants that Executive will not use Confidential Information in a manner that is adverse to the interests of the Corporation, or in any manner whatsoever without prior written approval of the Corporation in each instance.

(c) Executive acknowledges and agrees that breach of the covenants in this Paragraph 6 will irreparably harm the Corporation for which the Corporation may not have an adequate remedy at law. As such, Executive agrees that the Corporation shall be entitled to any proper injunction, including but not limited to temporary, preliminary, final injunctions, temporary restraining orders, and temporary protective orders, to enforce said covenants in the event of breach or threatened breach by Executive, in addition to any other remedies available to the Corporation at law or in equity. Executive further agrees that no bond or other security shall be required in obtaining such equitable relief and hereby agrees to comply with an order of a court of competent jurisdiction, issuing such injunction and ordering specific performance thereof. The covenants contained in this Agreement are independent of any other obligations between the parties, and the existence of any other claim or cause of action against the Corporation is not a defense to enforcement of said covenants by injunction.

7. Confidentiality of Separation Agreement; Non-Disparagement.

(a) Executive agrees to keep the terms of this Agreement (including, but not limited to the Separation Benefits) completely confidential, and that Executive will not disclose any information concerning this Agreement or its terms to anyone other than Executive’s immediate family, and legal counsel, and/or financial advisors, who will be informed of and bound by this confidentiality clause, or in response to a subpoena issued by a court of competent jurisdiction or as otherwise required by law.

(b) Executive shall not disparage the Corporation, its officers, directors, independent contractors, and employees.

(c) The Corporation will respond to requests for information from prospective employers by stating Executive's dates of employment and position held.

8. General Release of Claims. Executive expressly waives any and all claims against the Corporation and releases it, including, without limitation, each of its officers, directors, partners, members, stockholders, managers, employees, consultants, agents, attorneys, parent and subsidiary corporations, and representatives (the "**Corporation Releasees**"), from any and all claims, demands, lawsuits, causes of action, obligations, and liabilities of whatever kind, which Executive may have or thinks Executive may have against the Corporation Releasees or

any of them based upon events or facts arising at any time on or before the Effective Date of this Agreement, including but not limited to, claims that relate to Executive's employment and/or the separation of employment with the Corporation. Executive agrees this general release of claims includes, but is not limited to, claims for breach of any implied or express contract or covenant; claims for promissory estoppel; claims of entitlement to any pay; claims of wrongful denial of insurance and employee benefits; claims for wrongful termination, public policy violations, defamation, invasion of privacy, fraud, misrepresentation, emotional distress or other common law or tort matters; claims of harassment, retaliation or discrimination based on age, race, color, religion, sex, national origin, ancestry, physical or mental disability, legally protected medical condition, genetic information, marital or family status, sexual orientation, gender identity or expression, union activity, military status or veteran status, or any other status protected by law; claims based upon the California or United States Constitutions; any claims based on alleged restrictions on the Corporation's right to terminate, not to hire or promote employees, or on the Corporation's ability to change an employee's compensation or other terms and conditions of employment; and claims based on any federal, state or local law, including, without limitation: Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Equal Pay Act, 29 U.S.C. § 206(d)(1); the Americans with Disabilities Act; the Americans with Disabilities Act Amendments Act; the Labor Management Relations Act; the Family and Medical Leave Act; the Employee Retirement Income Security Act; the Worker Adjustment and Retraining Notification Act ("WARN"); the California WARN Act; the California Fair Employment and Housing Act; the California Labor Code; the California Family Rights Act, the California Constitution; the California Industrial Welfare Commission Wage Orders; and the California Government Code, as well as any amendments to those laws. Executive expressly understands that among the various claims and rights being waived by Executive in this Agreement are those arising under the Age Discrimination in Employment Act ("ADEA"), as amended, and in that regard Executive specifically acknowledges that Executive has read and understands the provisions of paragraph 11 below before signing this Agreement.

9. Exclusions From General Release/Additional Protections. Excluded from the General Release above are: (i) rights and claims which cannot be waived by law, including claims for workers' compensation, unemployment compensation, and accrued and vested retirement benefits; (ii) claims arising after the Effective Date of this Agreement; and (iii) claims for breach of the Agreement. Neither the General Release above nor anything else in this Agreement limits Executive's rights to file a charge with an administrative agency (such as the U.S. Equal Employment Opportunity Commission), provide information to an administrative agency, or participate in an agency investigation. The Exclusions and Protections contained in this paragraph 9 override any language to the contrary in any other part of this Agreement. Executive is, however, waiving all rights to receive money or other individual relief in connection with an administrative charge or investigation, regardless of whether that charge or investigation was initiated by Executive, on Executive's behalf, on behalf of a group or class to which Executive purportedly belongs, or otherwise, provided, however, that Executive may accept bounty money properly awarded by the U.S. Securities and Exchange Commission.

10. Release of Unknown Claims. It is the intention of Executive and the Corporation that this Agreement is a General Release which shall be effective as a bar to each and every

claim, demand, or cause of action it releases. Executive recognizes that Executive may have some claim, demand, or cause of action against the Corporation of which the Executive is totally unaware and unsuspecting which Executive is giving up by execution of the General Release. It is the intention of the Executive in executing this Agreement that it will deprive Executive of each such claim, demand or cause of action and prevent Executive from asserting it against the Corporation. In furtherance of this intention, Executive expressly waives any rights or benefits conferred by the provisions of Section 1542 of the Civil Code of the State of California (and/or other similar provision(s) of any other jurisdiction), which provides as follows:

> **"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or his/her settlement with the debtor."**

11. Right of Revocation. In compliance with the Older Workers Benefit Protection Act (P.L. 101433), Executive does hereby acknowledge and agree as follows:

(a) That this Agreement does not purport to waive rights or claims that may arise from acts or events occurring after the date that this Agreement is executed by the parties;

(b) That this Agreement specifically applies to any rights or claims Executive may have against the Corporation under the federal Age Discrimination in Employment Act of 1967, as amended;

(c) That the consideration provided for in this Agreement is in addition to that to which Executive is already entitled;

(d) That this Agreement shall be revocable by Executive for a 7-day period following execution of this Agreement by Executive. Accordingly, this Agreement shall not become effective or enforceable until the expiration of the 7-day revocation period ("**Effective Date**"); and

(e) That Executive, having carefully read this Agreement and knowing the contents hereof, freely and voluntarily consents to all the terms and conditions herein, understands the final and binding effect of this Agreement, has been advised of Executive's right to and has been given a chance to consult with and review this Agreement with an attorney of Executive's choice prior to signing this Agreement, and has been given a period of 21 days within which to consider whether to sign this Agreement. In the event that Executive chooses to waive this 21 day period, Executive acknowledges that Executive was given a reasonable period of time within which to consider this Agreement and that Executive's waiver was made freely and voluntarily and without duress or any coercion by any other person, including anyone at the Corporation or the Corporation Releasees.

12. Payment of Moneys Owed. The parties acknowledge and agree that the Corporation has paid Executive or shall pay Executive all wages or salary earned, including any

accrued, but unused or unpaid vacation pay according to the Corporation policy and eligibility requirements, business expenses and other benefits, if any, to which Executive was entitled during employment**,** through the Separation Date. Executive shall provide the Corporation with final expense report(s) no later than 7 days before the Separation Date, and the Corporation shall reimburse Executive for such expenses, in accordance with the Corporation's policy. Executive is entitled to this payment regardless of whether Executive signs this Agreement.

13. Section 409A. The payments made under this Agreement are intended to comply with section 409A of the Internal Revenue Code of 1986, as amended, and applicable guidance issued thereunder ("Section 409A"). Payments made under this Agreement will be interpreted and construed, to the extent possible, to be distributed in the short-term deferral period, as defined under Treasury Regulation section 1.409A-1(b)(4), or the separation pay exemption, as provided in Treasury Regulation section 1.409A-1(b)(9). For purposes of this Agreement, the phrase "Separation Date" means the date in which Executive's "separation from service," as defined in Treasury Regulation section 1.409A-1(h), occurred. For purposes of this Agreement, each payment made and benefits provided under this Agreement is hereby designated as a separate payment, and will not collectively be treated as a single payment, as provided in Treasury Regulation section 1.409A-2(b)(2)(iii).

14. No Assignment. Executive represents and warrants that Executive has made no assignment or other transfer, and covenants that Executive will make no assignment or other transfer, of any interest in any Claim which Executive may have against the Corporation Releasees, or any of them.

15. Indemnification of Released Parties. Executive agrees to indemnify and hold harmless the Corporation Releasees, and each of them, against any loss, claim, demand, damages, expenses, or any other liability whatsoever, including reasonable attorneys' fees and costs resulting from: (a) any breach of this release by Executive or Executive's successors in interest; (b) any assignment or transfer, or attempted assignment or transfer, of any claims released hereunder; or (c) any action or proceeding brought by Executive or Executive's successors in interest, or any other, if such action or proceeding arises out of, is based upon, or is related to any claims, demands, or causes of action released herein; provided, however, that this indemnification provision shall not apply to any challenge by Executive of the release of claims under the ADEA, Title VII, or similar discrimination laws, and any right of the released parties to recover attorneys' fees and/or expenses for such breach shall be governed by applicable law. It is the intention of the parties that this indemnity does not require payment as a condition precedent to recovery by any of the Corporation Releasees under this indemnity

16. No On-the-Job Injury. Executive represents and warrants that Executive has not experienced a job-related illness or injury during employment with the Corporation for which Executive has not already filed a claim, and that Executive has disclosed to the Corporation any pending or previously filed claim relating to an on-the-job injury or illness.

17. Cooperation**.** Executive agrees to cooperate fully with the Corporation and its subsidiaries and affiliates in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Corporation or its subsidiaries

or affiliates which relate to events or occurrences that transpired while Executive was employed by the Corporation; and in connection with any investigation or review by any federal, state or local regulatory, quasi-regulatory or self-governing authority (including, without limitation, the Securities and Exchange Commission) as any such investigation or review relates to events or occurrences that transpired while Executive was employed by the Corporation. Executive's full cooperation shall include, but not be limited to, being available to meet and speak with officers or employees of the Corporation and/or its counsel at reasonable times and locations, executing accurate and truthful documents, appearing at the Corporation's request as a witness at depositions, trials or other proceedings without the necessity of a subpoena, with reasonable advance notice, and taking such other actions as may reasonably be requested by of the Corporation and/or its counsel to effectuate the foregoing. In requesting such services, the Corporation will consider other commitments that Executive may have at the time of the request, and Executive's availability and obligations under this Section shall in all instances reasonably be subject to Executive's other commitments. The Corporation agrees to reimburse Executive for any reasonable, out-of-pocket travel, hotel and meal expenses incurred in connection with Executive's performance of obligations pursuant to this Section for which Executive has obtained prior, written approval from the Corporation, and the Corporation shall pay Executive $___ per hour for any services performed by Executive at the request of the Corporation pursuant to this Paragraph.

18. Truthful Testimony; Notice of Request for Testimony**.** Nothing in this Agreement is intended to or shall preclude either party from providing testimony that such party reasonably and in good faith believes to be truthful in response to a valid subpoena, court order, regulatory request or other judicial, administrative or legal process or otherwise as required by law. Executive shall notify the Corporation in writing as promptly as practicable after receiving any such request of the anticipated testimony and at least 10 days prior to providing such testimony (or, if such notice is not possible under the circumstances, with as much prior notice as is possible) to afford the Corporation a reasonable opportunity to challenge the subpoena, court order or similar legal process. Moreover, nothing in this Agreement shall be construed or applied so as to limit any person from providing candid statements that such party reasonably and in good faith believes to be truthful to any governmental or regulatory body or any self-regulatory organization.

19. Tax Indemnification. It is understood between the parties that Executive has not relied upon any representation, express or implied, made by the Corporation or any of its representatives as to the tax consequences of this Agreement and that Executive releases the Corporation Releasees from any and all liability in connection with any such tax consequences. The Corporation's payments to Executive described above in paragraph 2 represent a compromise of any and all of Executive's known or unknown claims against the Corporation Releasees. Executive agrees that any liability for state or federal income tax payments or penalties arising from said payments shall be Executive's sole responsibility. Executive agrees to indemnify and to hold harmless the Corporation Releasees from any and all actions, claims or demands brought by any tax or other authority based upon Executive's tax obligations arising from payments to be made pursuant to this Agreement, and Executive agrees specifically to reimburse the Corporation for any taxes, interest and penalties paid by the Corporation and for

the costs, legal fees, and any other expenses incurred by the Corporation as a result of any such actions, claims or demands.

20. Arbitration. Except for an action for injunctive relief to enforce the terms of this Agreement, any dispute concerning the application of this Agreement, and any other dispute from time to time between Executive and the Corporation, shall be settled by arbitration, to take place in Los Angeles, California before an arbitrator selected by the parties. Unless otherwise provided by law, the parties will each share 50% of the arbitration costs and fees. The decision of the arbitrator shall be final and conclusive, and the parties waive the right to trial de novo or appeal.

PLEASE READ CAREFULLY. THIS AGREEMENT INCLUDES THE RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

21. Binding Agreement. This Agreement shall be binding upon each party and its and his or her heirs, administrators, representatives, executors, successors and assigns, and shall inure to the benefit of the Corporation Releasees and each of them, and to their heirs, administrators, representatives, executors, successors, and assigns.

22. Contract Interpretation. The language of this Agreement shall not be construed for or against any particular party. The section headings are inserted as a matter of convenience and in no way define, limit or describe the scope of such section or affect the interpretation of this Agreement. The invalidity or enforceability, in whole or in part, of any provision of this Agreement will not affect the validity or enforceability of any other provision. In the event of a conflict or inconsistency between the terms of this Agreement and any other agreement between the parties, the terms of this Agreement shall control.

23. Entire Agreement/Survival. Executive acknowledges that no promises or representations other than those set forth in this Agreement have been made to Executive to induce Executive to sign this Agreement, and that Executive only has relied on promises expressly stated herein. This Agreement sets forth the entire understanding between Executive and the Corporation and supersedes any prior agreements or understandings, express or implied, pertaining to the terms of Executive’s employment with the Corporation and the termination of the employment relationship. The provisions of this Agreement shall survive the Separation Date and the termination of Executive’s employment.

24. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of California, without regard to its conflict of laws provisions.

25. Waiver. No purported waiver of a breach or default will be valid unless specifically stated in writing by the waiving party. No such waiver waives any subsequent breach or default of the same or any other term in this Agreement.

26. No Further Amendment. No amendment or modification of this Agreement will be binding unless executed in writing by the parties or their permitted successors or assigns. No course

of conduct or course of performance under this Agreement or any other agreement between the parties will be deemed to amend or modify this Agreement.

27. Attorney's Fees. Executive acknowledges and agrees that Executive is solely responsible for paying any attorneys' fees and costs that Executive has incurred in connection with this matter. The parties also agree that execution of this Agreement does not make Executive the "substantially prevailing party" or "prevailing party" under any statute or regulation, and Executive agrees not to seek an award of attorneys' fees or costs from the Corporation in any forum. However, should legal action be necessary to enforce or interpret this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs.

28. Counterparts. This Agreement may be executed in any number of counterparts and by any electronic means, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same agreement.

The parties have executed this Agreement, consisting of __ pages, including this page, as of the dates indicated below.

Dated: ___________ DINE BRANDS GLOBAL, INC. the "Corporation"

By: __________________________
Its: __________________________

Dated: ___________

________________, the "Executive"
____

Exhibit 10.53

DINE BRANDS GLOBAL, INC.
NONQUALIFIED DEFERRED COMPENSATION PLAN

MASTER PLAN DOCUMENT

TABLE OF CONTENTS

Purpose

The purpose of this Plan (formerly known as the DineEquity, Inc. Deferred Compensation Plan) is to provide specified benefits to Directors and a select group of management or highly compensated Employees who contribute materially to the continued growth, development and future business success of Dine Brands Global, Inc., a Delaware corporation, and its subsidiaries, if any, that sponsor this Plan. This Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA. The Plan is amended and restated as set forth herein, effective for compensation earned on or after January 1, 2017.

This Plan is intended to comply with all applicable law, including Code Section 409A and related Treasury guidance and Regulations, and shall be operated and interpreted in accordance with this intention. In order to transition to the requirements of Code Section 409A and related Treasury Regulations, the Committee may make available to Participants certain transition relief provided under Notice 2006-79, as described more fully in Appendix A of this Plan.

ARTICLE 1
Definitions

For the purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

1.1 "**Account Balance**" shall mean, with respect to a Participant, an entry on the records of the Employer equal to the sum of the Participant's Annual Accounts. The Account Balance shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

If a Participant is both an Employee and a Director and participates in the Plan in each capacity, then separate Account Balances (and separate Annual Accounts, if applicable) shall be established for such Participant as a device for the measurement and determination of the (a) amounts deferred under the Plan that are attributable to the Participant's status as an Employee, and (b) amounts deferred under the Plan that are attributable to the Participant's status as a Director.

1.2 "**Annual Account**"shall mean, with respect to a Participant, an entry on the records of the Employer equal to (a) the sum of the Participant's Annual Deferral Amount and Company Contribution Amount and for any one Plan Year, plus (b) amounts credited or debited to such amounts pursuant to this Plan, less (c) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Annual Account for such Plan Year. The Annual Account shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

1.3 "**Annual Deferral Amount**" shall mean that portion of a Participant's Base Salary, Bonus, Director Fees, LTI Awards and LTIP Amounts that a Participant defers in accordance with Article 3 for any one Plan Year, without regard to whether such amounts are withheld and credited during such Plan Year.

1.4 "**Annual Installment Method**" shall mean the method used to determine the amount of each payment due to a Participant who has elected to receive a benefit over a period of years in accordance with the applicable provisions of the Plan. The amount of each annual payment due to the Participant shall be calculated by multiplying the balance of the Participant's benefit by a fraction, the numerator of which is one and the denominator of which is the remaining number of annual payments due to the Participant. The amount of the first annual payment shall be calculated as of the close of business on or around the Participant's Benefit Distribution Date, and the amount of each subsequent annual payment shall be calculated on or around each anniversary of such Benefit Distribution Date. For purposes of this Plan, the right to receive a benefit payment in annual installments shall be treated as the entitlement to a single payment.

1.5 "**Base Salary**" shall mean the annual cash compensation relating to services performed during any calendar year, excluding distributions from nonqualified deferred compensation plans, bonuses, commissions, overtime, fringe benefits, stock options, relocation expenses, incentive payments, non-monetary awards, director fees and other fees, and automobile and other allowances paid to a Participant for employment services rendered (whether or not such allowances are included in the Employee's gross income). Base Salary shall be calculated before reduction for compensation voluntarily deferred or contributed by the Participant pursuant to all qualified or nonqualified plans of any Employer and shall be calculated to include amounts not otherwise included in the Participant's gross income under Code Sections 125, 402(e)(3), 402(h), or 403(b) pursuant to plans established by any Employer; provided, however, that all such amounts will be included in compensation only to the extent that had there been no such plan, the amount would have been payable in cash to the Employee.

1.6 "**Beneficiary**" shall mean one or more persons, trusts, estates or other entities, designated in accordance with Article 10, that are entitled to receive benefits under this Plan upon the death of a Participant.

1.7 "**Beneficiary Designation Form**" shall mean the form established from time to time by the Committee that a Participant completes, signs and returns to the Committee to designate one or more Beneficiaries.

1.8 "**Benefit Distribution Date**" shall mean the date upon which all or an objectively determinable portion of a Participant's vested benefits will become eligible for distribution. Except as otherwise provided in the Plan, a Participant's Benefit Distribution Date shall be determined based on the earliest to occur of an event or scheduled date set forth in Articles 4 through 9, as applicable.

1.9 "**Board**" shall mean the board of directors of the Company.

1.10 "**Bonus**" shall mean any compensation, in addition to Base Salary, LTI Awards and LTIP Amounts, earned by a Participant under any Employer's annual bonus and cash incentive plans.

1.11 "**Change in Control**" shall mean the occurrence of a "change in the ownership," a "change in the effective control" or a "change in the ownership of a substantial portion of the assets" of a corporation, as determined in accordance with this Section.

In order for an event described below to constitute a Change in Control with respect to a Participant, except as otherwise provided in part (b)(ii) of this Section, the applicable event must relate to the corporation for which the Participant is providing services, the corporation that is liable for payment of the Participant's Account Balance (or all corporations liable for payment if more than one), as identified by the Committee in accordance with Treas. Reg. §1.409A- 3(i)(5)(ii)(A)(2), or such other corporation identified by the Committee in accordance with Treas. Reg. §1.409A-3(i)(5)(ii)(A)(3).

In determining whether an event shall be considered a "change in the ownership," a "change in the effective control" or a "change in the ownership of a substantial portion of the assets" of a corporation, the following provisions shall apply:

(a) A "change in the ownership" of the applicable corporation shall occur on the date on which any one person, or more than one person acting as a group, acquires ownership of stock of such corporation that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of such corporation, as determined in accordance with Treas. Reg. §1.409A-3(i)(5)(v). If a person or group is considered either to own more than 50% of the total fair market value or total voting power of the stock of such corporation, or to have effective control of such corporation within the meaning of part (b) of this Section, and such person or group acquires additional stock of such corporation, the acquisition of additional stock by such person or group shall not be considered to cause a "change in the ownership" of such corporation.

(b) A "change in the effective control" of the applicable corporation shall occur on either of the following dates:

(i) The date on which any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of such corporation possessing 30% or more of the total voting power of the stock of such corporation, as determined in accordance with Treas. Reg. §1.409A-3(i)(5)(vi). If a person or group is considered to possess 30% or more of the total voting power of the stock of a corporation, and such person or group acquires additional stock of such corporation, the acquisition of additional stock by such person or group shall not be considered to cause a "change in the effective control" of such corporation; or

(ii) The date on which a majority of the members of the applicable corporation's board of directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of such corporation's board of directors before the date of the appointment or election, as determined in accordance with Treas. Reg. §1.409A-3(i)(5)(vi). In determining whether the event described in the preceding sentence has occurred, the applicable corporation to which the event must relate shall only include a corporation identified in accordance with Treas. Reg. §1.409A-3(i)(5)(ii) for which no other corporation is a majority shareholder.

(c) A “change in the ownership of a substantial portion of the assets” of the applicable corporation shall occur on the date on which any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the corporation that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the corporation immediately before such acquisition or acquisitions, as determined in accordance with Treas. Reg. §1.409A-3(i)(5)(vii). A transfer of assets shall not be treated as a “change in the ownership of a substantial portion of the assets” when such transfer is made to an entity that is controlled by the shareholders of the transferor corporation, as determined in accordance with Treas. Reg. §1.409A- 3(i)(5)(vii)(B).

1.12 “**Code**” shall mean the Internal Revenue Code of 1986, as it may be amended from time to time.

1.13 “**Committee**” shall mean the committee described in Article 13.

1.14 “**Company**” shall mean Dine Brands Global, Inc., a Delaware corporation, and any successor to all or substantially all of the Company’s assets or business.

1.15 “**Company Contribution Amount**” shall mean, for any one Plan Year, the amount determined in accordance with Section 3.4.

1.16 “**Director**” shall mean any member of the board of directors of any Employer.

1.17 “**Director Fees**” shall mean the annual fees earned by a Director from any Employer, including retainer fees and meetings fees, as compensation for serving on the board of directors.

1.18 “**Disability” or “Disabled**” shall mean that a Participant is either (a) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (b) by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Participant’s Employer. For purposes of this Plan, a Participant shall be deemed Disabled if determined to be totally disabled by the Social Security Administration. A Participant shall also be deemed Disabled if determined to be disabled in accordance with the applicable disability insurance program of such Participant’s Employer, provided that the definition of “disability” applied under such disability insurance program complies with the requirements of this Section.

1.19 “**Election Form**” shall mean the form, which may be in electronic format, established from time to time by the Committee that a Participant completes, signs and returns to the Committee to make an election under the Plan.

1.20 “**Employee**” shall mean a person who is an employee of an Employer.

1.21 “**Employer(s)**” shall be defined as follows:

(a) Except as otherwise provided in part (b) of this Section, the term “Employer” shall mean the Company and/or any of its subsidiaries (now in existence or hereafter formed or acquired) that have been selected by the Board to participate in the Plan and have adopted the Plan as a sponsor.

(b) For the purpose of determining whether a Participant has experienced a Separation from Service, the term “Employer” shall mean:

(i) The entity for which the Participant performs services and with respect to which the legally binding right to compensation deferred or contributed under this Plan arises; and

(ii) All other entities with which the entity described above would be aggregated and treated as a single employer under Code Section 414(b) (controlled group of corporations) and Code Section 414(c) (a group of trades or businesses, whether or not incorporated, under common control), as applicable. In order to identify the group of entities described in the preceding sentence, the Committee shall use an ownership threshold of at least 50% as a substitute for the 80% minimum ownership threshold that appears in, and otherwise must be used when applying, the applicable provisions of (A) Code Section 1563 for determining a controlled group of corporations under Code Section 414(b), and (B) Treas. Reg. §1.414(c)- 2 for determining the trades or businesses that are under common control under Code Section 414(c).

1.22 "**ERISA**" shall mean the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

1.23 "**401(k) Plan**" shall mean, with respect to an Employer, a plan qualified under Code Section 401(a) that contains a cash or deferral arrangement described in Code Section 401(k), adopted by the Employer, as it may be amended from time to time, or any successor thereto.

1.24 "**LTI Awards**" shall mean any portion of any compensation attributable to a Plan Year that is denominated in shares of Stock and is earned by a Participant under the Company's Stock Incentive Plan or any other long-term incentive arrangement maintained by the Company or an Employer and designated by the Committee, and including restricted stock unit awards, performance awards, bonus share awards and any other awards granted by the Company, in each case to the extent deferral of such award is permitted by the Committee, but excluding any stock options and stock appreciation rights granted by the Company.

1.25 "**LTIP Amounts** " shall mean any portion of the compensation attributable to a Plan Year that is denominated in cash and is earned by a Participant under any long-term incentive arrangement maintained by the Company or an Employer and designated by the Committee, in each case to the extent deferral of such award is permitted by the Committee.

1.26 "**Participant**" shall mean any Employee or Director (a) who is selected to participate in the Plan, (b) whose executed Plan Agreement, Election Form and Beneficiary Designation Form are accepted by the Committee, and (c) whose Plan Agreement has not terminated.

1.27 "**Performance-Based Compensation**" shall mean compensation the entitlement to or amount of which is contingent on the satisfaction of pre-established organizational or individual performance criteria relating to a performance period of at least 12 consecutive months, as determined by the Committee in accordance with Treas. Reg. §1.409A-1(e).

1.28 "**Plan**" shall mean the Dine Brands Global, Inc. Nonqualified Deferred Compensation Plan, which shall be evidenced by this instrument, as it may be amended from time to time, and by any other documents that together with this instrument define a Participant's rights to amounts credited to his or her Account Balance.

1.29 "**Plan Agreement**" shall mean a written agreement in the form prescribed by or acceptable to the Committee that evidences a Participant's agreement to the terms of the Plan and which may establish additional terms or conditions of Plan participation for a Participant. Unless otherwise determined by the Committee, the most recent Plan Agreement accepted with respect to a Participant shall supersede any prior Plan Agreements for such Participant. Plan Agreements may vary among Participants and may provide additional benefits not set forth in the Plan or limit the benefits otherwise provided under the Plan.

1.30 "**Plan Year**" shall mean a period beginning on January 1 of each calendar year and continuing through December 31 of such calendar year.

1.31 "**Retirement," "Retire(s)" or "Retired**" shall mean with respect to a Participant who is an Employee, a Separation from Service on or after date on which such Participant's age plus Years of Service equals at least 70, and shall mean with respect to a Participant who is a Director, a Separation from Service on or after the date the Director attains age 70. If a Participant is both an Employee and a Director and participates in the Plan in each capacity, (a) the determination of whether the Participant qualifies for Retirement as an Employee shall be made when the Participant experiences a Separation from Service as an Employee and such determination shall only apply to the applicable Account Balance established in accordance with Section 1.1 for amounts deferred under the Plan as an Employee, and (b) the determination of whether the Participant qualifies for Retirement as a Director shall be made at the time the Participant experiences a Separation from Service as a Director and such determination shall only apply to the applicable Account Balance established in accordance with Section 1.1 for amounts deferred under the Plan as a Director.

1.32 "**Separation from Service**" shall mean a termination of services provided by a Participant to his or her Employer, whether voluntarily or involuntarily, other than by reason of death or Disability, as determined by the Committee in accordance with Treas. Reg. §1.409A-1(h). In determining whether a Participant has experienced a Separation from Service, the following provisions shall apply:

(a) For a Participant who provides services to an Employer as an Employee, except as otherwise provided in part (c) of this Section, a Separation from Service shall occur when such Participant has experienced a termination of employment with such Employer. A Participant shall be considered to have experienced a termination of employment when the facts and circumstances indicate that the Participant and his or her Employer reasonably anticipate that either (i) no further services will be performed for the Employer after a certain date, or (ii) that the level of bona fide services the Participant will perform for the Employer after such date (whether as an Employee or as an independent contractor) will permanently decrease to no more than 20% of the average level of bona fide services performed by such Participant (whether as an Employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services to the Employer if the Participant has been providing services to the Employer less than 36 months).

(b) If a Participant is on military leave, sick leave, or other bona fide leave of absence, the employment relationship between the Participant and the Employer shall be treated as continuing intact, provided that the period of such leave does not exceed 6 months, or if longer, so long as the Participant retains a right to reemployment with the Employer under an applicable statute or by contract. If the period of a military leave, sick leave, or other bona fide leave of absence exceeds 6 months and the Participant does not retain a right to reemployment under an applicable statute or by contract, the employment relationship shall be considered to be terminated for purposes of this Plan as of the first day immediately following the end of such 6-month period. In applying the provisions of this paragraph, a leave of absence shall be considered a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for the Employer.

(c) Notwithstanding the foregoing provisions in part (a) of this Section, if a Participant provides services for an Employer as both an Employee and as a Director, to the extent permitted by Treas. Reg. §1.409A-1(h)(5) the services provided by such Participant as a Director shall not be taken into account in determining whether the Participant has experienced a Separation from Service as an Employee, and the services provided by such Participant as an Employee shall not be taken into account in determining whether the Participant has experienced a Separation from Service as a Director.

1.33 "**<u>Specified Employee</u>**" shall mean any Participant who is determined to be a "key employee" (as defined under Code Section 416(i) without regard to paragraph (5) thereof) for the applicable period, as determined annually by the Committee in accordance with Treas. Reg. §1.409A-1(i). In determining whether a Participant is a Specified Employee, the following provisions shall apply:

(a) The Committee's identification of the individuals who fall within the definition of "key employee" under Code Section 416(i) (without regard to paragraph (5) thereof) shall be based upon the 12-month period ending on each December 31st (referred to below as the "identification date"). In applying the applicable provisions of Code Section 416(i) to identify such individuals, "compensation" shall be determined in accordance with Treas. Reg. §1.415(c)-2; and

(b) Each Participant who is among the individuals identified as a "key employee" in accordance with part (a) of this Section shall be treated as a Specified Employee for purposes of this Plan if such Participant experiences a Separation from Service during the 12-month period that begins on the April 1st following the applicable identification date.

1.34 "**<u>Stock</u>**" shall mean Dine Brands Global, Inc. common stock, $.01 par value, or any other equity securities or the Company as designated by the Committee.

1.35 "**<u>Stock Incentive Plan</u>**" shall mean the Company's 2016 Stock Incentive Plan or any successor thereto.

1.36 "**<u>Trust</u>**" shall mean one or more trusts established by the Company in accordance with Article 16.

1.37 "**<u>Unforeseeable Emergency</u>**" shall mean a severe financial hardship of the Participant resulting from (a) an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary or the Participant's dependent (as defined in Code Section 152 without regard to paragraphs (b)(1), (b)(2) and (d)(1)(b) thereof), (b) a loss of the Participant's property due to casualty, or (c) such other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, all as determined by the Committee based on the relevant facts and circumstances.

1.38 "**<u>Years of Service</u>**" shall mean the total number of full years in which a Participant has been employed by one or more Employers. For purposes of this definition, a year of employment shall be a 365 day period (or 366 day period in the case of a leap year) that, for the first year of employment, commences on the Employee's date of hiring and that, for any subsequent year, commences on an anniversary of that hiring date. A partial year of employment shall not be treated as a Year of Service.

ARTICLE 2
Selection, Enrollment, Eligibility

2.1 **Selection by Committee**. Participation in the Plan shall be limited to Directors and, as determined by the Committee in its sole discretion, a select group of management or highly compensated Employees. From that group, the Committee shall select, in its sole discretion, those individuals who may actually participate in this Plan.

2.2 **Enrollment and Eligibility Requirements; Commencement of Participation**.

(a) As a condition to participation, each Director or selected Employee shall complete, execute and return to the Committee a Plan Agreement, an Election Form and a Beneficiary Designation Form by the deadline(s) established by the Committee in accordance with the applicable provisions of this Plan. In addition, the Committee shall establish from time to time such other enrollment requirements as it determines, in its sole discretion, are necessary.

(b) Each Director or selected Employee who is eligible to participate in the Plan shall commence participation in the Plan on the date that the Committee determines that the Director or Employee has met all enrollment requirements set forth in this Plan and required by the Committee, including returning all required documents to the Committee within the specified time period.

(c) If a Director or an Employee fails to meet all requirements established by the Committee within the period required, that Director or Employee shall not be eligible to participate in the Plan during such Plan Year.

ARTICLE 3
Deferral Commitments/Company Contribution Amounts/Vesting/Crediting/Taxes

3.1 **Maximum Deferral**.

(a) **Annual Deferral Amount**. For each Plan Year, a Participant may elect to defer, as his or her Annual Deferral Amount, Base Salary, Bonus, LTI Awards, LTIP Amounts and/or Director Fees up to the following maximum percentages for each deferral elected; provided that the Committee may provide for lower or higher maximum percentages with respect to any particular award that is eligible for deferral.

Deferral	Maximum Percentage
Base Salary	80%
Bonus	100%
LTI Awards	100%
LTIP Amounts	100%
Director Fees	100%

(b) **Short Plan Year** . Notwithstanding the foregoing, if a Participant first becomes a Participant after the first day of a Plan Year, then to the extent required by Section 3.2 and Code Section 409A and related Treasury Regulations, the maximum amount of the Participant’s Base Salary, Bonus, LTI Awards, LTIP Amounts or Director Fees that may be deferred by the Participant for the Plan Year shall be determined by applying the percentages set forth in Section 3.1(a) to the portion of such compensation attributable to services performed after the date that the Participant’s deferral election is made.

3.2 **Timing of Deferral Elections; Effect of Election Form**.

(a) **General Timing Rule for Deferral Elections**. Except as otherwise provided in this Section 3.2, in order for a Participant to make a valid election to defer Base Salary, Bonus, Director Fees, LTI Awards and/or LTIP Amounts, the Participant must submit an Election Form on or before the deadline established by the Committee, which in no event shall be later than the December 31st preceding the Plan Year in which such compensation will be earned.

Any deferral election made in accordance with this Section 3.2(a) shall be irrevocable; provided, however, that if the Committee permits or requires Participants to make a deferral election by the deadline described above for an amount that qualifies as Performance-Based Compensation, the Committee may permit a Participant to subsequently change his or her deferral election for such compensation by submitting a new Election Form in accordance with Section 3.2(d) below.

(b) **Timing of Deferral Elections for Newly Eligible Plan Participants**. A Director or selected Employee who first becomes eligible to participate in the Plan on or after the beginning of a Plan Year, as determined in accordance with Treas. Reg. §1.409A- 2(a)(7)(ii) and the "plan aggregation" rules provided in Treas. Reg. §1.409A-1(c)(2), may be permitted to make an election to defer the portion of Base Salary, Bonus, Director Fees, LTI Awards and/or LTIP Amounts attributable to services to be performed after such election, provided that the Participant submits an Election Form on or before the deadline established by the Committee, which in no event shall be later than 30 days after the Participant first becomes eligible to participate in the Plan.

If a deferral election made in accordance with this Section 3.2(b) relates to compensation earned based upon a specified performance period, the amount eligible for deferral shall be equal to (i) the total amount of compensation for the performance period, multiplied by (ii) a fraction, the numerator of which is the number of days remaining in the service period after the Participant's deferral election is made, and the denominator of which is the total number of days in the performance period.

Any deferral election made in accordance with this Section 3.2(b) shall become irrevocable no later than the 30th day after the date the Director or selected Employee becomes eligible to participate in the Plan.

(c) **Timing of Deferral Elections for Performance-Based Compensation**. Subject to the limitations described below, the Committee may determine that an irrevocable deferral election for an amount that qualifies as Performance-Based Compensation may be made by submitting an Election Form on or before the deadline established by the Committee, which in no event shall be later than 6 months before the end of the performance period.

In order for a Participant to be eligible to make a deferral election for Performance-Based Compensation in accordance with the deadline established pursuant to this Section 3.2(c), the Participant must have performed services continuously from the later of (i) the beginning of the performance period for such compensation, or (ii) the date upon which the performance criteria for such compensation are established, through the date upon which the Participant makes the deferral election for such compensation. In no event shall a deferral election submitted under this Section 3.2(c) be permitted to apply to any amount of Performance-Based Compensation that has become readily ascertainable.

(d) **Timing Rule for Deferral of Compensation Subject to Risk of Forfeiture**. With respect to compensation (i) to which a Participant has a legally binding right to payment in a subsequent year, and (ii) that is subject to a forfeiture condition requiring the Participant's continued services for a period of at least 12 months from the date the Participant obtains the legally binding right, the Committee may determine that an irrevocable deferral election for such compensation may be made by timely delivering an Election Form to the Committee in accordance with its rules and procedures, no later than the 30th day after the Participant obtains the legally binding right to the compensation, provided that the election is made at least 12 months in advance of the earliest date at which the forfeiture condition could lapse, as determined in accordance with Treas. Reg. §1.409A-2(a)(5) (which disregards accelerated vesting due to death, disability or a change in control event (as each term is defined under Section 409A of the Code), but not other acceleration events).

Any deferral election(s) made in accordance with this Section 3.2(d) shall become irrevocable no later than the 30th day after the Participant obtains the legally binding right to the compensation subject to such deferral election(s).

(e) **Timing Rule for Deferral of Unvested Compensation Subject to Five-Year Minimum Deferral**. With respect to compensation to which a Participant has a legally binding right to a payment in a subsequent year that, absent a deferral election, would be treated as a short-term deferral within the meaning of Treas. Reg. §1.409A-1(b)(4), the Committee may determine that an irrevocable deferral election for such compensation may be made by (A) timely delivering an Election Form to the Committee in accordance with its rules and procedures, at least 12 months in advance of the date on which the applicable forfeiture condition lapses and (B) electing a Benefit Distribution Date pursuant to Section 4.1 that is not less than five years after the date on which such forfeiture condition lapses; provided that the Benefit Distribution Date may accelerate due to the Participant's death or Disability, an Unforeseeable Emergency or a Change in Control, to the extent provided under the Plan, the Participant's Election Form and Section 409A of the Code. Such election shall be null and void if such forfeiture condition lapses within 12 months after the date the Participant delivers the Election Form to the Committee.

3.3 **Withholding and Crediting of Annual Deferral Amounts**. For each Plan Year, the Base Salary portion of the Annual Deferral Amount shall be withheld from each regularly scheduled Base Salary payroll in equal amounts, as adjusted from time to time for increases and decreases in Base Salary. The Bonus, LTI Awards, LTIP Amounts and/or Director Fees portion of the Annual Deferral Amount shall be withheld at the time the Bonus, LTI Awards, LTIP Amounts or Director Fees are or otherwise would be paid to the Participant, whether or not this occurs during the Plan Year itself. Annual Deferral Amounts shall be credited to the Participant's Annual Account for such Plan Year at the time such amounts would otherwise have been paid to the Participant.

3.4 **Company Contribution Amount**.

(a) For each Plan Year, an Employer may be required to credit amounts to a Participant's Annual Account in accordance with employment or other agreements entered into between the Participant and the Employer, which amounts shall be part of the Participant's Company Contribution Amount for that Plan Year. Such amounts shall be credited to the Participant's Annual Account for the applicable Plan Year on the date or dates prescribed by such agreements.

(b) For each Plan Year, an Employer, in its sole discretion, may, but is not required to, credit any amount it desires to any Participant's Annual Account under this Plan, which amount shall be part of the Participant's Company Contribution Amount for that Plan Year. The amount so credited to a Participant may be smaller or larger than the amount credited to any other Participant, and the amount credited to any Participant for a Plan Year may be zero, even though one or more other Participants receive a Company Contribution Amount for that Plan Year. The Company Contribution Amount described in this Section 3.4(b), if any, shall be credited to the Participant's Annual Account for the applicable Plan Year on a date or dates to be determined by the Committee.

(c) If not otherwise specified in the Participant's employment or other agreement entered into between the Participant and the Employer, the amount (or the method or formula for determining the amount) of a Participant's Company Contribution Amount shall be set forth in writing in one or more documents, which shall be deemed to be incorporated into this Plan in accordance with Section 1.27, no later than the date on which such Company Contribution Amount is credited to the applicable Annual Account of the Participant.

3.5 **Vesting**.

(a) A Participant shall at all times be 100% vested in the portion of his or her Account Balance attributable to Annual Deferral Amounts, plus amounts credited or debited on such amounts pursuant to Section 3.6.

(b) A Participant shall be vested in the portion of his or her Account Balance attributable to any Company Contribution Amounts, plus amounts credited or debited on such amounts pursuant to Section 3.6, in accordance with the vesting schedule(s) set forth in his or her Plan Agreement, employment agreement or any other agreement entered into between the Participant and his or her Employer. If not addressed in such agreements, a Participant shall vest in the portion of his or her Account Balance attributable to any Company Contribution Amounts, plus amounts credited or debited on such amounts pursuant to Section 3.6, in accordance with the following schedule:

Years of Service	**Vested Percentage**
Less than 3 years	0%

3 years or more	100%

(c) Notwithstanding anything to the contrary contained in this Section 3.5, but subject to the terms of a Participant's Plan Agreement, employment agreement or other agreement entered into between the Participant and his or her Employer, in the event of a Change in Control, or upon a Participant's Disability, Separation from Service on or after qualifying for Retirement, or death prior to Separation from Service, any amounts that are not vested in accordance with Section 3.5(b) above, shall immediately become 100% vested.

(d) Notwithstanding any other provision of this Plan, if by reason of Section 280G of the Code any payment or benefit received or to be received by a Participant in connection with a Change in Control or the termination of the Participant's employment (whether payable pursuant to the terms of this Plan ("Plan Payments") or any other plan, arrangements or agreement with the Company or an affiliate (collectively with the Plan Payments, "Total Payments")) would not be deductible (in whole or part) by the Company, an affiliate or other person making such payment or providing such benefit, then the Total Payments shall be subject to reduction in accordance with the terms of the Company's Amended and Restated Executive Severance and Change in Control Policy.

3.6 **Crediting/Debiting of Account Balances**. In accordance with, and subject to, the rules and procedures that are established from time to time by the Committee, in its sole discretion, amounts shall be credited or debited to a Participant's Account Balance in accordance with the following rules:

(a) **Measurement Funds**. Subject to the restrictions found in Section 3.7(c) below, the Participant may elect one or more of the measurement funds selected by the Committee, in its sole discretion, which are based on certain mutual funds (the "Measurement Funds"), for the purpose of crediting or debiting additional amounts to his or her Account Balance. As necessary, the Committee may, in its sole discretion, discontinue, substitute or add a Measurement Fund. Each such action will take effect as of the first day of the first calendar quarter that begins at least 30 days after the day on which the Committee gives Participants advance written notice of such change.

(b) **Election of Measurement Funds**. Subject to the restrictions found in Section 3.7(c) below, a Participant, in connection with his or her initial deferral election in accordance with Section 3.2 above, shall elect, on the Election Form, one or more Measurement Fund(s) (as described in Section 3.6(a) above) to be used to determine the amounts to be credited or debited to his or her Account Balance. If a Participant does not elect any of the Measurement Funds as described in the previous sentence, the Participant's Account Balance shall automatically be allocated into the lowest-risk Measurement Fund, as determined by the Committee, in its sole discretion. Subject to the restrictions found in Section 3.7(c) below, the Participant may (but is not required to) elect, by submitting an Election Form to the Committee that is accepted by the Committee, to add or delete one or more Measurement Fund(s) to be used to determine the amounts to be credited or debited to his or her Account Balance, or to change the portion of his or her Account Balance allocated to each previously or newly elected Measurement Fund. If an election is made in accordance with the previous sentence, it shall apply as of the first business day deemed reasonably practicable by the Committee, in its sole discretion, and shall continue thereafter for each subsequent day in which the Participant participates in the Plan, unless changed in accordance with the previous sentence. Notwithstanding the foregoing, the Committee, in its sole discretion, may impose limitations on the frequency with which one or more of the Measurement Funds elected in accordance with this Section 3.6(b) may be added or deleted by such Participant; furthermore, the Committee, in its sole discretion, may impose limitations on the frequency with which the Participant may change the portion of his or her Account Balance allocated to each previously or newly elected Measurement Fund.

(c) **Dine Brands Global, Inc. Stock Unit Fund**.

(i) The portion of a Participant's Account Balance that relates to an LTI Award will be automatically and irrevocably allocated to the Dine Brands Global, Inc. Stock Unit Fund Measurement Fund. Participants may not select any other Measurement Fund to be used to determine the amounts to be credited or debited to such portion of their Account Balance. Furthermore, no other portion of the Participant's Account Balance can be either initially allocated or reallocated to the Dine Brands Global, Inc. Stock Unit Fund. Amounts allocated to the Dine Brands Global, Inc. Stock Unit Fund shall only be distributable in actual shares of Stock.

(ii) Any stock dividends, cash dividends or other non-cash dividends that would have been payable on the Stock credited to a Participant's Account Balance shall be credited to the Participant's Account Balance in the form of additional shares of Stock and shall automatically and irrevocably be deemed to be re-invested in the Dine Brands Global, Inc. Stock Unit Fund until such amounts are distributed to the Participant. The number of shares credited to the Participant for a particular stock dividend shall be equal to (a) the number of shares of Stock credited to the Participant's Account Balance as of the payment date for such dividend in respect of each share of Stock, multiplied by (b) the number of additional or fractional shares of Stock actually paid as a dividend in respect of each share of Stock. The number of shares credited to the Participant for a particular cash dividend or other non-cash dividend shall be equal to (a) the number of shares of Stock credited to the Participant's Account Balance as of the payment date for such dividend in respect of each share of Stock, multiplied by (b) the fair market value of the dividend, divided by (c) the "fair market value" of the Stock on the payment date for such dividend.

(iii) The number of shares of Stock credited to the Participant's Account Balance shall be adjusted by the Committee, in such manner as the Committee deems appropriate, in its sole discretion, to prevent dilution or enlargement of Participants' rights with respect to the portion of his or her Account Balance allocated to the Dine Brands Global, Inc. Stock Unit Fund in the event of any reorganization, reclassification, stock split, or other unusual corporate transaction or event which affects the value of the Stock, provided that any such adjustment shall be made taking into account any crediting of shares of Stock to the Participant under Section 3.6.

(iv) For purposes of this Section 3.6, the fair market value of the Stock shall be determined by the Committee in a manner consistent with the terms of the Company's Stock Incentive Plan

(d) **Proportionate Allocation**. In making any election described in Section 3.6(b) above, the Participant shall specify on the Election Form, in increments of one percent (1%), the percentage of his or her Account Balance or Measurement Fund, as applicable, to be allocated/reallocated.

(e) **Crediting or Debiting Method**. The performance of each Measurement Fund (either positive or negative) will be determined on a daily basis based on the manner in which such Participant's Account Balance has been hypothetically allocated among the Measurement Funds by the Participant.

(f) **No Actual Investment**. Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the Measurement Funds are to be used for measurement purposes only, and a Participant's election of any such Measurement Fund, the allocation of his or her Account Balance thereto, the calculation of additional amounts and the crediting or debiting of such amounts to a Participant's Account Balance shall not be considered or construed in any manner as an actual investment of his or her Account Balance in any such Measurement Fund. In the event that the Company or the Trustee (as that term is defined in the Trust), in its own discretion, decides to invest funds in any or all of the investments on which the Measurement Funds are based, no Participant shall have any rights in or to such investments themselves. Without limiting the foregoing, a Participant's Account Balance shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Company or the Trust; the Participant shall at all times remain an unsecured creditor of the Company.

3.7 FICA and Other Taxes.

(a) **Annual Deferral Amounts**. For each Plan Year in which an Annual Deferral Amount is being withheld from a Participant, the Participant's Employer(s) shall withhold from that portion of the Participant's Base Salary, Bonus, LTI Awards and/or LTIP Amounts that is not being deferred, in a manner determined by the Employer(s), the Participant's share of FICA and other employment taxes on such Annual Deferral Amount. If necessary, the Committee may reduce the Annual Deferral Amount in order to comply with this Section 3.7.

(b) **Company Contribution Amounts**. When a Participant becomes vested in a portion of his or her Account Balance attributable to any Company Contribution Amounts, the Participant's Employer(s) shall withhold from that portion of the Participant's Base Salary, Bonus, LTI Awards and/or LTIP Amounts that is not deferred, in a manner determined by the Employer(s), the Participant's share of FICA and other employment taxes on such amounts. If necessary, the Committee may reduce the vested portion of the Participant's Company Contribution Amount, as applicable, in order to comply with this Section 3.7.

(c) **Distributions**. The Participant's Employer(s), or the trustee of the Trust, shall withhold from any payments made to a Participant under this Plan all federal, state and local income, employment and other taxes required to be withheld by the Employer(s), or the trustee of the Trust, in connection with such payments, in amounts and in a manner to be determined in the sole discretion of the Employer(s) and the trustee of the Trust.

ARTICLE 4

Scheduled Distributions; Unforeseeable Emergencies

4.1 **Scheduled Distributions**. In connection with each election to defer an Annual Deferral Amount, a Participant may elect to receive all or a specified portion of such Annual Deferral Amount, plus amounts credited or debited on that amount pursuant to Section 3.6, in the form of a lump sum payment (or, to the extent permitted by the Committee and elected by the Participant at the time of his or her deferral election, in the form of installments over a period of not more than five years), calculated as of the close of business on or around the Benefit Distribution Date designated by the Participant in accordance with this Section (a "Scheduled Distribution"). The Benefit Distribution Date for the amount subject to a Scheduled Distribution election shall be the first day of any Plan Year designated by the Participant, which may be no sooner than three Plan Years after the end of the Plan Year to which the Participant's deferral election relates, unless otherwise provided on an Election Form approved by the Committee. The Committee may permit Participants to make separate distribution elections for each separate award or component of compensation deferred under the Plan.

Subject to the other terms and conditions of this Plan, each Scheduled Distribution elected shall be paid out (or, if paid in installments as permitted by the Committee, commence) during a 60 day period commencing immediately after the applicable Benefit Distribution Date. By way of example, if a Scheduled Distribution is elected for Annual Deferral Amounts that are earned in the Plan Year commencing January 1, 2017, the earliest Benefit Distribution Date that may be designated by a Participant would be January 1, 2021, and the Scheduled Distribution would be paid out (or commence) during the 60 day period commencing immediately after such Benefit Distribution Date.

4.2 **Postponing Scheduled Distributions**. A Participant may elect to postpone a Scheduled Distribution described in Section 4.1 above, and have such amount paid out (or commence) during a 60 day period commencing immediately after an allowable alternative Benefit Distribution Date designated in accordance with this Section 4.2. In order to make such an election, the Participant must submit an Election Form to the Committee in accordance with the following criteria:

(a) The election of the new Benefit Distribution Date shall have no effect until at least 12 months after the date on which the election is made;

(b) The new Benefit Distribution Date selected by the Participant for such Scheduled Distribution must be the first day of a Plan Year that is no sooner than five years after the previously designated Benefit Distribution Date; and

(c) The election must be made at least 12 months prior to the Participant's previously designated Benefit Distribution Date for such Scheduled Distribution.

For purposes of applying the provisions of this Section 4.2, a Participant's election to postpone a Scheduled Distribution shall not be considered to be made until the date on which the election becomes irrevocable. Such an election shall become irrevocable no later than the date that is 12 months prior to the Participant's previously designated Benefit Distribution Date for such Scheduled Distribution.

4.3 **Other Benefits Take Precedence Over Scheduled Distributions**. Should an event occur prior to any Benefit Distribution Date designated for a Scheduled Distribution that would trigger a benefit under Articles 5 through 9, as applicable, all amounts subject to a Scheduled Distribution election shall be paid in accordance with the other applicable provisions of the Plan and not in accordance with this Article 4.

4.4 **Unforeseeable Emergencies**.

(a) If a Participant experiences an Unforeseeable Emergency prior to the occurrence of a distribution event described in Articles 5 through 9, as applicable, the Participant may petition the Committee to receive a partial or full payout from the Plan. The payout, if any, from the Plan shall not exceed the lesser of (i) the Participant's vested Account Balance, calculated as of the close of business on or around the Benefit Distribution Date for such payout, as determined by the Committee in accordance with provisions set forth below, or (ii) the amount necessary to satisfy the Unforeseeable Emergency, plus amounts necessary to pay Federal, state, or local income taxes or penalties reasonably anticipated as a result of the distribution. A Participant shall not be eligible to receive a payout from the Plan to the extent that the Unforeseeable Emergency is or may be relieved (A) through reimbursement or compensation by insurance or otherwise, (B) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship or (C) by cessation of deferrals under this Plan.

If the Committee, in its sole discretion, approves a Participant's petition for payout from the Plan, the Participant's Benefit Distribution Date for such payout shall be the date on which such Committee approval occurs and such payout shall be distributed to the Participant in a lump sum no later than 60 days after such Benefit Distribution Date. In addition, in the event of such approval the Participant's outstanding deferral elections under the Plan shall be cancelled.

(b) A Participant's deferral elections under this Plan shall also be cancelled to the extent the Committee determines that such action is required for the Participant to obtain a hardship distribution from an Employer's 401(k) Plan pursuant to Treas. Reg. §1.401(k)-1(d)(3).

ARTICLE 5
Change in Control Benefit

5.1 **Change in Control Benefit**. A Participant, in connection with his or her commencement of participation in the Plan, shall have an opportunity to irrevocably elect to receive his or her vested Account Balance in the form of a lump sum payment in the event that a Change in Control occurs prior to the Participant's Separation from Service, Disability or death (the "Change in Control Benefit"). The Benefit Distribution Date for the Change in Control Benefit, if any, shall be the date on which the Change in Control occurs.

If a Participant elects not to receive a Change in Control Benefit, or fails to make an election in connection with his or her commencement of participation in the Plan, the Participant's Account Balance shall be paid in accordance with the other applicable provisions of the Plan.

5.2 **Payment of Change in Control Benefit**. The Change in Control Benefit, if any, shall be calculated as of the close of business on or around the Participant's Benefit Distribution Date, as determined by the Committee, and paid to the Participant no later than 60 days after the Participant's Benefit Distribution Date.

ARTICLE 6
Retirement Benefit

6.1 **Retirement Benefit**.

(a) If a Participant experiences a Separation from Service that qualifies as a Retirement, the Participant shall be eligible to receive his or her vested Account Balance in either a lump sum or annual installment payments, as elected by the Participant in accordance with Section 6.2 (the "Retirement Benefit"). A Participant's Retirement Benefit shall be calculated as of the close of business on or around the applicable Benefit Distribution Date for such benefit, which shall be (i) the first day after the end of the 6-month period immediately following the date on which the Participant experiences such Separation from Service if the Participant is a Specified Employee, and (ii) for all other Participants, the date on which the Participant experiences a Separation from Service; provided, however, if a Participant changes the form of distribution for one or more Annual Accounts in accordance with Section 6.2(b), the Benefit Distribution Date for the Annual Account(s) subject to such change shall be determined in accordance with Section 6.2(b).

(b) Notwithstanding Section 6.1(a), if a Participant elected to defer compensation pursuant to Section 3.2(e) of the Plan, the Benefit Distribution Date shall not occur earlier than the date determined pursuant to Section 3.2(e) (i.e., the 5th anniversary of the applicable vesting date, the Participant's death or Disability, an Unforeseeable Emergency or a Change in Control), except to the extent otherwise permitted under Section 409A of the Code.

6.2 **Payment of Retirement Benefit**.

(a) In connection with a Participant's election to defer an Annual Deferral Amount, the Participant shall elect the form in which his or her Annual Account for such Plan Year will be paid. The Participant may elect to receive each Annual Account in the form of a lump sum or pursuant to an Annual Installment Method of 5 years. If a Participant does not make any election with respect to the payment of an Annual Account, then the Participant shall be deemed to have elected to receive such Annual Account as a lump sum.

(b) A Participant may change the form of payment for an Annual Account by submitting an Election Form to the Committee in accordance with the following criteria:

(i) The election shall not take effect until at least 12 months after the date on which the election is made;

(ii) The new Benefit Distribution Date for such Annual Account shall be 5 years after the Benefit Distribution Date that would otherwise have been applicable to such Annual Account; and

(iii) The election must be made at least 12 months prior to the Benefit Distribution Date that would otherwise have been applicable to such Annual Account.

For purposes of applying the provisions of this Section 6.2(b), a Participant's election to change the form of payment for an Annual Account shall not be considered to be made until the date on which the election becomes irrevocable. Such an election shall become irrevocable no later than the date that is 12 months prior to the Benefit Distribution Date that would otherwise have been applicable to such Annual Account. Subject to the requirements of this Section 6.2(b), the Election Form most recently accepted by the Committee that has become effective for an Annual Account shall govern the form of payout of such Annual Account.

(c) The lump sum payment shall be made, or installment payments shall commence, no later than 60 days after the applicable Benefit Distribution Date. Remaining installments, if any, shall continue in accordance with the Participant's election for each Annual Account and shall be paid no later than 60 days after each anniversary of the Benefit Distribution Date.

ARTICLE 7
Termination Benefit

7.1 **Termination Benefit**. If a Participant experiences a Separation from Service that does not qualify as a Retirement, the Participant shall receive his or her vested Account Balance in the form of a lump sum payment (the "Termination Benefit"); provided that the Committee may, in its sole discretion, permit a Participant to elect to receive his or her Termination Benefit in the form of installments in accordance with Section 6.2, as though the Participant was eligible for Retirement. A Participant's Termination Benefit shall be calculated as of the close of business on or around the Benefit Distribution Date for such benefit, which shall be (i) the first day after the end of the 6-month period immediately following the date on which the Participant experiences such Separation from Service if the Participant is a Specified Employee, and (ii) for all other Participants, the date on which the Participant experiences a Separation from Service.

7.2 **Payment of Termination Benefit**. The Termination Benefit shall be paid, or installment payments shall commence, to the Participant no later than 60 days after the Participant's Benefit Distribution Date. Notwithstanding this Section 7.2, if a Participant elected to defer compensation pursuant to Section 3.2(e) of the Plan, the Benefit Distribution Date shall not occur earlier than the date determined pursuant to Section 3.2(e) (i.e., the 5th anniversary of the applicable vesting date, the Participant's death or Disability, an Unforeseeable Emergency or a Change in Control) except to the extent otherwise permitted under Section 409A of the Code.

ARTICLE 8
Disability Benefit

8.1 **Disability Benefit**. If a Participant becomes Disabled prior to the occurrence of a distribution event described in Articles 5 through 7, as applicable, the Participant shall receive his or her vested Account Balance in the form of a lump sum payment (the "Disability Benefit"); provided that the Committee may, in its sole discretion, permit a Participant to elect to receive his or her Disability Benefit in the form of installments in accordance with Section 6.2, as though the Participant was eligible for Retirement. The Disability Benefit shall be calculated as of the close of business on or around the Participant's Benefit Distribution Date for such benefit, which shall be the date on which the Participant becomes Disabled.

8.2 **Payment of Disability Benefit**. The Disability Benefit shall be paid, or installment payments shall commence, to the Participant no later than 60 days after the Participant's Benefit Distribution Date.

ARTICLE 9
Death Benefit

9.1 **Death Benefit**. In the event of a Participant's death prior to the complete distribution of his or her vested Account Balance, the Participant's Beneficiary(ies) shall receive the Participant's unpaid vested Account Balance in a lump sum payment (the "Death Benefit"); provided that the Committee may, in its sole discretion, permit a Participant to elect to receive his or her Death Benefit in the form of installments in accordance with Section 6.2, as though the Participant was eligible for Retirement. The Death Benefit shall be calculated as of the close of business on or around the Benefit Distribution Date for such benefit, which shall be the date on which the Committee is provided with proof that is satisfactory to the Committee of the Participant's death.

9.2 **Payment of Death Benefit**. The Death Benefit shall be paid, or installment payments shall commence, to the Participant's Beneficiary(ies) no later than 60 days after the Participant's Benefit Distribution Date.

ARTICLE 10
Beneficiary Designation

10.1 **Beneficiary**. Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive any benefits payable under the Plan to a beneficiary upon the death of a Participant. The Beneficiary designated under this Plan may be the same as or different from the Beneficiary designation under any other plan of an Employer in which the Participant participates.

10.2 **Beneficiary Designation; Change; Spousal Consent**. A Participant shall designate his or her Beneficiary by completing and signing the Beneficiary Designation Form, and returning it to the Committee or its designated agent. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules and procedures, as in effect from time to time. If the Participant names someone other than his or her spouse as a Beneficiary, the Committee may, in its sole discretion, determine that spousal consent is required to be provided in a form designated by the Committee, executed by such Participant's spouse and returned to the Committee. Upon the acceptance by the Committee of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Committee prior to his or her death.

10.3 **Acknowledgment**. No designation or change in designation of a Beneficiary shall be effective until received and acknowledged in writing by the Committee or its designated agent.

10.4 **No Beneficiary Designation**. If a Participant fails to designate a Beneficiary as provided in Sections 10.1, 10.2 and 10.3 above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his or her surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the executor or personal representative of the Participant's estate.

10.5 **Doubt as to Beneficiary**. If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its discretion, to cause the Participant's Employer to withhold such payments until this matter is resolved to the Committee's satisfaction.

10.6 **Discharge of Obligations**. The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge all Employers and the Committee from all further obligations under this Plan with respect to the Participant, and that Participant's Plan Agreement shall terminate upon such full payment of benefits.

ARTICLE 11
Leave of Absence

11.1 **Paid Leave of Absence**. If a Participant is authorized by the Participant's Employer to take a paid leave of absence from the employment of the Employer, and such leave of absence does not constitute a Separation from Service, (a) the Participant shall continue to be considered eligible for the benefits provided under the Plan, and (b) the Annual Deferral Amount shall continue to be withheld during such paid leave of absence in accordance with Section 3.2.

11.2 **Unpaid Leave of Absence**. If a Participant is authorized by the Participant's Employer to take an unpaid leave of absence from the employment of the Employer for any reason, and such leave of absence does not constitute a Separation from Service, such Participant shall continue to be eligible for the benefits provided under the Plan. During the unpaid leave of absence, the Participant shall not be allowed to make any additional deferral elections. However, if the Participant returns to employment, the Participant may elect to defer an Annual Deferral Amount for the Plan Year following his or her return to employment and for every Plan Year thereafter while a Participant in the Plan, provided such deferral elections are otherwise allowed and an Election Form is delivered to and accepted by the Committee for each such election in accordance with Section 3.2 above.

ARTICLE 12
Termination of Plan, Amendment or Modification

12.1 **Termination of Plan**. Although each Employer anticipates that it will continue the Plan for an indefinite period of time, there is no guarantee that any Employer will continue the Plan or will not terminate the Plan at any time in the future. Accordingly, each Employer reserves the right to terminate the Plan with respect to all of its Participants. In the event of a Plan termination no new deferral elections shall be permitted for the affected Participants and such Participants shall no longer be eligible to receive new company contributions. However, after the Plan termination the Account Balances of such Participants shall continue to be credited with Annual Deferral Amounts attributable to a deferral election that was in effect prior to the Plan termination to the extent deemed necessary to comply with Code Section 409A and related Treasury Regulations, and additional amounts shall continue to credited or debited to such Participants' Account Balances pursuant to Section 3.6. The Measurement Funds available to Participants following the termination of the Plan shall be comparable in number and type to those Measurement Funds available to Participants in the Plan Year preceding the Plan Year in which the Plan termination is effective. In addition, following a Plan termination, Participant Account Balances shall remain in the Plan and shall not be distributed until such amounts become eligible for distribution in accordance with the other applicable provisions of the Plan. Notwithstanding the preceding sentence, to the extent permitted by Treas. Reg. §1.409A-3(j)(4)(ix), the Employer may provide that upon termination of the Plan, all Account Balances of the Participants shall be distributed, subject to and in accordance with any rules established by such Employer deemed necessary to comply with the applicable requirements and limitations of Treas. Reg. §1.409A-3(j)(4)(ix).

12.2 **Amendment**. Any Employer may, at any time, amend or modify the Plan in whole or in part with respect to that Employer. Notwithstanding the foregoing, no amendment or modification shall be effective to decrease the value of a Participant's vested Account Balance in existence at the time the amendment or modification is made.

12.3 **Plan Agreement**. Despite the provisions of Sections 12.1, if a Participant's Plan Agreement contains benefits or limitations that are not in this Plan document, the Employer may only amend or terminate such provisions with the written consent of the Participant.

12.4 **Effect of Payment**. The full payment of the Participant's vested Account Balance in accordance with the applicable provisions of the Plan shall completely discharge all obligations to a Participant and his or her designated Beneficiaries under this Plan, and the Participant's Plan Agreement shall terminate.

ARTICLE 13
Administration

13.1 **Committee Duties**. Except as otherwise provided in this Article 13, this Plan shall be administered by a Committee, which shall consist of the Board, or such committee as the Board shall appoint. Members of the Committee may be Participants under this Plan. The Committee shall also have the discretion and authority to (a) make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan, and (b) decide or resolve any and all questions, including benefit entitlement determinations and interpretations of this Plan, as may arise in connection with the Plan. Any individual serving on the Committee who is a Participant shall not vote or act on any matter relating solely to himself or herself. When making a determination or calculation, the Committee shall be entitled to rely on information furnished by a Participant or the Company.

13.2 **Administration Upon Change In Control**. Within 120 days following a Change in Control, the individuals who comprised the Committee immediately prior to the Change in Control (whether or not such individuals are members of the Committee following the Change in Control) may, by written consent of the majority of such individuals, appoint an independent third party administrator (the "Administrator") to perform any or all of the Committee's duties described in Section 13.1 above, including without limitation, the power to determine any questions arising in connection with the administration or interpretation of the Plan, and the power to make benefit entitlement determinations. Upon and after the effective date of such appointment, (a) the Company must pay all reasonable administrative expenses and fees of the Administrator, and (b) the Administrator may only be terminated with the written consent of the majority of Participants with an Account Balance in the Plan as of the date of such proposed termination.

13.3 **Agents**. In the administration of this Plan, the Committee or the Administrator, as applicable, may, from time to time, employ agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel.

13.4 **Binding Effect of Decisions**. The decision or action of the Committee or Administrator, as applicable, with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

13.5 **Indemnity of Committee**. All Employers shall indemnify and hold harmless the members of the Committee, any Employee to whom the duties of the Committee may be delegated, and the Administrator against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan, except in the case of willful misconduct by the Committee, any of its members, any such Employee or the Administrator.

13.6 **Employer Information**. To enable the Committee and/or Administrator to perform its functions, the Company and each Employer shall supply full and timely information to the Committee and/or Administrator, as the case may be, on all matters relating to the Plan, the Trust, the Participants and their Beneficiaries, the Account Balances of the Participants, the compensation of its Participants, the date and circumstances of the Separation from Service, Disability or death of its Participants, and such other pertinent information as the Committee or Administrator may reasonably require.

ARTICLE 14
Other Benefits and Agreements

14.1 **Coordination with Other Benefits**. The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Participant's Employer. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

ARTICLE 15
Claims Procedures

15.1 **Presentation of Claim**. Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a “Claimant”) may deliver to the Committee a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within 60 days after such notice was received by the Claimant. All other claims must be made within 180 days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

15.2 **Notification of Decision**. The Committee shall consider a Claimant's claim within a reasonable time, but no later than 90 days after receiving the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial 90 day period. In no event shall such extension exceed a period of 90 days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. The Committee shall notify the Claimant in writing:

(a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or

(b) that the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:

(i) the specific reason(s) for the denial of the claim, or any part of it;

(ii) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;

(iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary;

(iv) an explanation of the claim review procedure set forth in Section 15.3 below; and

(v) a statement of the Claimant’s right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

15.3 **Review of a Denied Claim**. On or before 60 days after receiving a notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for a review of the denial of the claim. The Claimant (or the Claimant's duly authorized representative):

(a) may, upon request and free of charge, have reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the claim for benefits;

(b) may submit written comments or other documents; and/or

(c) may request a hearing, which the Committee, in its sole discretion, may grant.

15.4 **Decision on Review**. The Committee shall render its decision on review promptly, and no later than 60 days after the Committee receives the Claimant's written request for a review of the denial of the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial 60 day period. In no event shall such extension exceed a period of 60 days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. In rendering its decision, the Committee shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

(a) specific reasons for the decision;

(b) specific reference(s) to the pertinent Plan provisions upon which the decision was based;

(c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits; and

(d) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a).

15.5 **Legal Action**. A Claimant's compliance with the foregoing provisions of this Article 15 is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under this Plan.

ARTICLE 16

Trust

16.1 **Establishment of the Trust**. In order to provide assets from which to fulfill its obligations to the Participants and their Beneficiaries under the Plan, the Company may establish a trust by a trust agreement with a third party, the trustee, to which each Employer may, in its discretion, contribute cash or other property, including securities issued by the Company, to provide for the benefit payments under the Plan (the "Trust").

16.2 **Interrelationship of the Plan and the Trust**. The provisions of the Plan and the Plan Agreement shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Employers, Participants and the creditors of the Employers to the assets transferred to the Trust. Each Employer shall at all times remain liable to carry out its obligations under the Plan.

16.3 **Distributions From the Trust**. Each Employer's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Employer's obligations under this Plan.

ARTICLE 17

Miscellaneous

17.1 **Status of Plan**. The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a) and that "is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1). The Plan shall be administered and interpreted (a) to the extent possible in a manner consistent with the intent described in the preceding sentence, and (b) in accordance with Code Section 409A and related Treasury guidance and Regulations.

17.2 **Unsecured General Creditor**. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of an Employer. For purposes of the payment of benefits under this Plan, any and all of an Employer's assets shall be, and remain, the general, unpledged unrestricted assets of the Employer. An Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

17.3 **Employer's Liability**. An Employer's liability for the payment of benefits shall be defined only by the Plan and the Plan Agreement, as entered into between the Employer and a Participant. An Employer shall have no obligation to a Participant under the Plan except as expressly provided in the Plan and his or her Plan Agreement.

17.4 **Nonassignability**. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non- transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise.

17.5 **Not a Contract of Employment**. The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between any Employer and the Participant. Such employment is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, or no reason, with or without cause, and with or without notice, unless expressly provided in a written employment agreement. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of any Employer, either as an Employee or a Director, or to interfere with the right of any Employer to discipline or discharge the Participant at any time.

17.6 **Furnishing Information**. A Participant or his or her Beneficiary will cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Committee may deem necessary.

17.7 **Terms**. Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply; and whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

17.8 **Captions**. The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

17.9 **Governing Law**. Subject to ERISA, the provisions of this Plan shall be construed and interpreted according to the internal laws of the State of California without regard to its conflicts of laws principles.

17.10 **Notice**. Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

Dine Brands Global, Inc.

Attn: General Counsel

450 N. Brand Blvd.

Glendale, CA 91203

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant

17.11 **Successors**. The provisions of this Plan shall bind and inure to the benefit of the Participant's Employer and its successors and assigns and the Participant and the Participant's designated Beneficiaries.

17.12 **Spouse's Interest**. The interest in the benefits hereunder of a spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.

17.13 **Validity**. In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

17.14 **Incompetent**. If the Committee determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Committee may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Committee may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.

17.15 **Domestic Relations Orders**. If necessary to comply with a domestic relations order, as defined in Code Section 414(p)(1)(B), pursuant to which a court has determined that a spouse or former spouse of a Participant has an interest in the Participant’s benefits under the Plan, the Committee shall have the right to immediately distribute the spouse’s or former spouse’s interest in the Participant’s benefits under the Plan to such spouse or former spouse.

17.16 **Distribution in the Event of Income Inclusion Under Code Section 409A** If any portion of a Participant’s Account Balance under this Plan is required to be included in income by the Participant prior to receipt due to a failure of this Plan to comply with the requirements of Code Section 409A and related Treasury Regulations, the Committee may determine that such Participant shall receive a distribution from the Plan in an amount equal to the lesser of (i) the portion of his or her Account Balance required to be included in income as a result of the failure of the Plan to comply with the requirements of Code Section 409A and related Treasury Regulations, or (ii) the unpaid vested Account Balance.

17.17 **Deduction Limitation on Benefit Payments**. If an Employer reasonably anticipates that the Employer’s deduction with respect to any distribution from this Plan would be limited or eliminated by application of Code Section 162(m), then to the extent permitted by Treas. Reg. §1.409A-2(b)(7)(i), payment shall be delayed as deemed necessary to ensure that the entire amount of any distribution from this Plan is deductible. Any amounts for which distribution is delayed pursuant to this Section shall continue to be credited/debited with additional amounts in accordance with Section 3.6. The delayed amounts (and any amounts credited thereon) shall be distributed to the Participant (or his or her Beneficiary in the event of the Participant’s death) at the earliest date the Employer reasonably anticipates that the deduction of the payment of the amount will not be limited or eliminated by application of Code Section 162(m). In the event that such date is determined to be after a Participant’s Separation from Service and the Participant to whom the payment relates is determined to be a Specified Employee, then to the extent deemed necessary to comply with Treas. Reg. §1.409A-3(i)(2), the delayed payment shall not made before the end of the six-month period following such Participant’s Separation from Service.

Approved by the Compensation Committee on October 18, 2016

Exhibit 10.54

AMENDMENT ONE TO THE
DINE BRANDS GLOBAL, INC. NONQUALIFIED DEFERRED COMPENSATION PLAN
(As Amended and Restated Effective January 1, 2017)

WHEREAS, Dine Brands Global, Inc., a Delaware corporation (the "Company"), maintains the Dine Brands Global, Inc. Nonqualified Deferred Compensation Plan, as amended and restated effective January 1, 2017 (the "Plan") for the benefit of eligible employees;

WHEREAS, Section 12.2 of the Plan provides that each Employer, as defined in the Plan, may amend or modify the Plan at any time; and

WHEREAS, the Company desires to amend the Plan on behalf of each Employer in order to provide each Participant (as defined in the Plan) with the option to elect to receive his or her Annual Account (as defined in the Plan) pursuant to an Annual Installment Method (as defined in the Plan) of 10 years.

NOW, THEREFORE, BE IT RESOLVED, that pursuant to the power of amendment contained in Section 12.2 of the Plan, the Plan is hereby amended, effective as of January 1, 2019, as follows:

1. Section 6.2(a) is hereby amended in its entirety to read as follows:

   (a) In connection with a Participant's election to defer an Annual Deferral Amount, the Participant shall elect the form in which his or her Annual Account for such Plan Year will be paid. The Participant may elect to receive each Annual Account in the form of a lump sum or pursuant to an Annual Installment Method of 10 years (or such other period of installments as set forth in the applicable Election Form, as permitted by the Company for the applicable Plan Year). If a Participant does not make any election with respect to the payment of an Annual Account, then the Participant shall be deemed to have elected to receive such Annual Account as a lump sum.

IN WITNESS WHEREOF, the foregoing Amendment has been duly executed this 5th day of December, 2018.

DINE BRANDS GLOBAL, INC.

/s/ Gregory R. Bever

Exhibit 21

SUBSIDIARIES OF DINE BRANDS GLOBAL, INC.
As of December 31, 2018

Name of Entity	State or Other Jurisdiction of Incorporation or Organization
Dine Brands Global, Inc.	DE
DineEquity International, Inc.	DE
International House of Pancakes, LLC	DE
III Industries of Canada, LTD.	Canada
IHOP of Canada ULC	Canada
IHOP TPGC, LLC	OH
IHOP SPV Guarantor, LLC	DE
IHOP Funding, LLC	DE
IHOP Restaurants, LLC	DE
IHOP Franchisor, LLC	DE
IHOP Property, LLC	DE
IHOP Leasing, LLC	DE
ACM Cards, Inc.	FL
Applebee's Brazil, LLC	KS
Applebee's Canada Corp.	Canada
Applebee's International, Inc.	DE
Applebee's Investments, LLC	KS
Applebee's Restaurantes De Mexico S.de R.L. de C.V.	Mexico
Applebee's UK, LLC	KS
Applebee's Restaurant Holdings, LLC	DE
Applebee's Restaurants Kansas, LLC	KS
Applebee's Restaurants Mid-Atlantic, LLC	DE
Applebee's Restaurants North, LLC	DE
Applebee's Restaurants Texas, LLC	TX
Applebee's Restaurants Vermont, Inc.	VT
Applebee's Restaurants West, LLC	DE
Applebee's Restaurants, Inc.	KS
Applebee's Services, Inc.	KS
Applebee's SPV Guarantor, LLC	DE
Applebee's Funding, LLC	DE
Applebee's Restaurants LLC	DE
Applebee's Franchisor LLC	DE
Gourmet Systems of Brazil, LLC	KS
Gourmet Systems of Massachusetts, LLC	MA
Gourmet Systems of New York, Inc.	NY
Gourmet Systems of Tennessee, Inc.	TN
Gourmet Systems USA, LLC	KS
Neighborhood Insurance, Inc.	VT
Shanghai Applebee's Restaurant Management Co. LTD.	Xuhui District, Puxi, China
DineEquity Foundation, Inc. (dba The Heidi Fund, Inc.)	KS
DineEquity Philippines Holdings, Inc.	Philippines

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- Form S-8 No. 333-71768 pertaining to the IHOP Corp. 2001 Stock Incentive Plan of DineEquity, Inc. and Subsidiaries
- Form S-8 No. 333-151682 pertaining to the DineEquity, Inc. 2001 Stock Incentive Plan of DineEquity, Inc. and Subsidiaries
- Form S-8 No. 333-174847 pertaining to the DineEquity, Inc. 2011 Stock Incentive Plan
- Form S-8 No. 333- 211429 pertaining to Dine Brands Global, Inc. 2016 Stock Incentive Plan

of our reports dated February 21, 2019, with respect to the consolidated financial statements of Dine Brands Global, Inc. (formerly known as DineEquity, Inc.) and Subsidiaries and the effectiveness of internal control over financial reporting of Dine Brands Global, Inc. and Subsidiaries, included in this Annual Report (Form 10-K) for the year ended December 30, 2018.

/s/ Ernst & Young LLP

Los Angeles, California
February 21, 2019

Exhibit 31.1

Certification Pursuant to
Rule 13a-14(a) of the
Securities Exchange Act of 1934, As Amended

I, Stephen P. Joyce, certify that:

1. I have reviewed this Annual Report on Form 10-K of Dine Brands Global, Inc.;

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

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

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

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

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

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

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

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

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

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

Dated: 21st day of February, 2019 /s/ Stephen P. Joyce

Stephen P. Joyce
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification Pursuant to
Rule 13a-14(a) of the
Securities Exchange Act of 1934, As Amended

I, Thomas H. Song, certify that:

1. I have reviewed this Annual Report on Form 10-K of Dine Brands Global, Inc.;

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

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

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

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

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

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

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

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

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

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

Dated: 21st day of February, 2019 /s/ Thomas H. Song

Thomas H. Song
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Certification Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of Dine Brands Global, Inc. (the "Company") for the fiscal year ended December 31, 2018, as filed with the Securities and Exchange Commission on 21st day of February, 2019 (the "Report"), I, Stephen P. Joyce, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

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

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

Dated: 21st day of February, 2019

/s/ Stephen P. Joyce

Stephen P. Joyce
Chief Executive Officer
(Principal Executive Officer)

This certification accompanies the Quarterly Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act except to the extent the Company expressly and specifically incorporates it by reference in such filing.

Exhibit 32.2

Certification Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of Dine Brands Global, Inc. (the "Company") for the fiscal year ended December 31, 2018, as filed with the Securities and Exchange Commission on 21st day of February, 2019 (the "Report"), I, Thomas H. Song, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

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

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

Dated: 21st day of February, 2019

/s/ Thomas H. Song

Thomas H. Song
Chief Financial Officer
(Principal Financial Officer)

This certification accompanies the Quarterly Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act except to the extent the Company expressly and specifically incorporates it by reference in such filing.