

DUNKIN' BRANDS GROUP, INC.

Form 424B4

April 02, 2012

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Filed Pursuant to Rule 424 (b)(4)
Registration No: 333-180190, 333-180446

Prospectus

26,400,000 Shares

Dunkin Brands Group, Inc.

Common stock

The selling stockholders named in this prospectus are offering 26,400,000 shares of our common stock. We will not receive any proceeds from the sale of our common stock by the selling stockholders.

Our common stock is listed on The NASDAQ Global Select Market under the symbol DNKN. On March 29, 2012, the last sale price of our common stock as reported on The NASDAQ Global Select Market was \$30.06 per share.

	Per share	Total
Public offering price	\$ 29.50	\$ 778,800,000
Underwriting discounts and commissions	\$ 1.0325	\$ 27,258,000
Proceeds to selling stockholders, before expenses	\$ 28.4675	\$ 751,542,000

Delivery of the shares of common stock is expected to be made on or about April 4, 2012. The selling stockholders identified in this prospectus have granted the underwriters an option for a period of 30 days to purchase, on the same terms and conditions as set forth above, up to an additional 3,960,000 shares of our common stock. We will not receive any of the proceeds from the sale of shares by these selling stockholders if the underwriters exercise their option to purchase additional shares of common stock.

Investing in our common stock involves substantial risk. Please read Risk factors beginning on page 13.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

J.P. Morgan

Barclays

Morgan Stanley

BofA Merrill Lynch

Baird

William Blair & Company

Raymond James

Stifel Nicolaus Weisel

Wells Fargo Securities

Moelis & Company

SMBC Nikko

Ramirez & Co., Inc.

The Williams Capital Group, L.P.

March 29, 2012

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You should rely only on the information contained in this prospectus or in any free writing prospectus that we authorize be distributed to you. We have not, and the underwriters have not, authorized anyone to provide you with additional or different information. This document may only be used where it is legal to sell these securities. You should assume that the information contained in this prospectus is accurate only as of the date of this prospectus.

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Market and other industry data

In this prospectus, we rely on and refer to information regarding the restaurant industry, the quick service restaurant (QSR) segment of the restaurant industry and the QSR segment categories and subcategories that include coffee, donuts, muffins, bagels, breakfast sandwiches, hard serve ice cream, soft serve ice cream, frozen yogurt, shakes, malts and floats, all of which has been sourced from the industry research firms The NPD Group, Inc. (which prepares and disseminates Consumer Reported Eating Share Trends (CREST® data)), Nielsen, Euromonitor International, or Technomic Information Services (Technomic) or compiled from market research reports, analyst reports and other publicly available information. Unless otherwise indicated in this prospectus, market data relating to the United States QSR segment and QSR segment categories and subcategories listed above, including Dunkin' Donuts and Baskin-Robbins market positions in the QSR segment or such categories and subcategories, was prepared by, or was derived by us from, CREST® data. CREST® data with respect to each of Dunkin' Donuts and Baskin-Robbins and the QSR segment and the categories and subcategories in which each of them competes, unless otherwise indicated, is for the 12 months ended December 31, 2011, as reported by The NPD Group, Inc. as of such date. In addition, we refer to the Customer Loyalty Engagement Index® prepared by Brand Keys, Inc. (Brand Keys), a customer loyalty research and strategic planning consultancy. Brand Keys Customer Loyalty Engagement Index® is an annual syndicated study that currently examines customers' relationships with 598 brands in 83 categories. Other industry and market data included in this prospectus are from internal analyses based upon data available from known sources or other proprietary research and analysis. We believe these data to be accurate as of the date of this prospectus. However, this information may prove to be inaccurate because this information cannot always be verified with complete certainty due to the limitations on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. As a result, you should be aware that market and other similar industry data included in this prospectus, and estimates and beliefs based on that data, may not be reliable.

Trademarks, service marks and copyrights

We own or have rights to trademarks, service marks or trade names that we use in connection with the operation of our business, including our corporate names, logos and website names. Other trademarks, service marks and trade names appearing in this prospectus are the property of their respective owners. Some of the trademarks we own include Dunkin' Donuts® and Baskin-Robbins®. We also sell products under several licensed brands, including, but not limited to, Oreo® and Reese's®. In addition, we own or have the rights to copyrights, patents, trade secrets and other proprietary rights that protect the content of our products and the formulations for such products. Solely for convenience, some of the trademarks, service marks, trade names and copyrights referred to in this prospectus are listed without the ©, ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our rights to our copyrights, trademarks, service marks and trade names.

Our initial public offering

In July 2011, we issued and sold 22,250,000 shares of common stock and certain of our stockholders sold 3,337,500 shares of common stock at a price of \$19.00 per share in our initial public offering (the IPO). Upon the completion of the IPO, our common stock became listed on The NASDAQ Global Select Market under the symbol DNKN. Immediately prior to the IPO, we effected a 1-for-4.568 reverse split of our Class A common stock, reclassified our Class A common stock into common stock and converted each outstanding share of Class L common stock into approximately 2.43 shares of common stock. Unless otherwise indicated, all share data gives effect to the reclassification.

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Prospectus summary

This summary highlights information appearing elsewhere in this prospectus. This summary is not complete and does not contain all of the information that you should consider before investing in our common stock. You should carefully read the entire prospectus, including the financial data and related notes and the section entitled "Risk factors" before deciding whether to invest in our common stock. Unless otherwise indicated or the context otherwise requires, references in this prospectus to the Company, Dunkin' Brands, we, us and our refer to Dunkin' Brands Group, Inc. and its consolidated subsidiaries. References in this prospectus to our franchisees include our international licensees. References in this prospectus to years are to our fiscal years, which end on the last Saturday in December. Data regarding number of restaurants or points of distribution are calculated as of December 31, 2011, unless otherwise indicated. All information in this prospectus assumes no exercise of the underwriters' option to purchase additional shares, unless otherwise noted.

Our company

We are one of the world's leading franchisors of quick service restaurants (QSRs) serving hot and cold coffee and baked goods, as well as hard serve ice cream. We franchise restaurants under our Dunkin' Donuts and Baskin-Robbins brands. With approximately 16,800 points of distribution in 58 countries, we believe that our portfolio has strong brand awareness in our key markets. Dunkin' Donuts holds the #1 position in the U.S. by servings in each of the QSR subcategories of Hot regular/decaf/flavored coffee, Iced coffee, Donuts, Bagels and Muffins and holds the #2 position in the U.S. by servings in each of the QSR subcategories of Total coffee and Breakfast sandwiches. Baskin-Robbins is the #1 QSR chain in the U.S. for servings of hard serve ice cream and has established leading market positions in Japan and South Korea. QSR is a restaurant format characterized by counter or drive-thru ordering and limited or no table service.

We believe that our nearly 100% franchised business model offers strategic and financial benefits. For example, because we do not own or operate a significant number of stores, our Company is able to focus on menu innovation, marketing, franchisee coaching and support, and other initiatives to drive the overall success of our brand. Financially, our franchised model allows us to grow our points of distribution and brand recognition with limited capital investment by us.

We operate our business in four segments: Dunkin' Donuts U.S., Dunkin' Donuts International, Baskin-Robbins International and Baskin-Robbins U.S. In 2011, our Dunkin' Donuts segments generated revenues of \$453.0 million, or 75% of our total segment revenues, of which \$437.7 million was in the U.S. segment, and \$15.3 million was in the international segment. In 2011, our Baskin-Robbins segments generated revenues of \$150.3 million, of which \$108.6 million was in the international segment and \$41.7 million was in the U.S. segment. As of December 31, 2011, there were 10,083 Dunkin' Donuts points of distribution, of which 7,015 were in the U.S. and 3,068 were international, and 6,711 Baskin-Robbins points of distribution, of which 4,254 were international and 2,457 were in the U.S. Our points of distribution consist of traditional end-cap, in-line and stand-alone restaurants, many with drive thrus, and gas and convenience locations, as well as alternative points of distribution (APODs), such as full- or self-service kiosks in grocery stores, hospitals, airports, offices, colleges and other smaller-footprint properties.

For fiscal years 2011, 2010 and 2009, we generated total revenues of \$628.2 million, \$577.1 million and \$538.1 million, respectively, operating income of \$205.3 million, \$193.5 million and \$184.5 million, respectively, and net income of \$34.4 million, \$26.9 million and \$35.0 million, respectively. Our net income for fiscal year 2011 included \$34.2 million of pre-tax losses on debt extinguishment and refinancing transactions, an \$18.8 million impairment of our Korea joint venture investment and a \$14.7 million fee associated with the termination of our

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Sponsor management agreement in connection with our initial public offering. Our net income for fiscal year 2010 included a \$62.0 million pre-tax loss on debt extinguishment primarily associated with our November 2010 refinancing transaction.

Our history and recent accomplishments

Both of our brands have a rich heritage dating back to the 1940s. For many years, we operated as a subsidiary of Allied Domecq PLC, which was acquired in July 2005 by Pernod Ricard S.A. Pernod Ricard made the decision to divest Dunkin' Brands in order to remain a focused global spirits company. As a result, in March of 2006, we were acquired by investment funds affiliated with Bain Capital Partners, LLC, The Carlyle Group and Thomas H. Lee Partners, L.P. (collectively, the Sponsors). In July 2011, we issued and sold 22,250,000 shares of common stock and certain of our stockholders sold 3,337,500 shares of common stock at a price of \$19.00 per share in our initial public offering (the IPO). Upon the completion of the IPO, our common stock became listed on The NASDAQ Global Select Market under the symbol DNKN.

We have experienced positive growth globally for both our Dunkin' Donuts and Baskin-Robbins brands in systemwide sales in each of the last ten years. In addition, other than in 2007 with respect to Baskin-Robbins, we have experienced positive year over year growth globally for both of our Dunkin' Donuts and Baskin-Robbins brands in points of distribution in each of the last ten years. During this ten-year period we have grown our global Dunkin' Donuts points of distribution and systemwide sales by compound annual growth rates of 6.6% and 8.9%, respectively. During the same period, we have also grown our global Baskin-Robbins total points of distribution and systemwide sales by compound annual growth rates of 4.1% and 7.0%, respectively. In 2011, 2010 and 2009, our Dunkin' Donuts global points of distribution at year end totaled 10,083, 9,760 and 9,186, respectively. Dunkin' Donuts systemwide sales for the same three years grew 9.4%, 5.6% and 2.7%, respectively. In 2011, 2010 and 2009, our Baskin-Robbins global points of distribution at year end totaled 6,711, 6,433 and 6,207, respectively. Baskin-Robbins systemwide sales for the same three years grew 8.2%, 10.6% and 9.8%, respectively.

Our largest operating segment, Dunkin' Donuts U.S., had experienced 45 consecutive quarters of positive comparable store sales growth until the first quarter of 2008. Since fiscal year 2008, we believe we have demonstrated comparable store sales resilience during the recession, and invested for future growth. These investments were in three key areas: expanding menu and marketing initiatives to drive comparable store sales growth, expanding our store development team and investing in proprietary tools to assess new store opportunities and increasing management resources for our international business. During fiscal year 2011, Dunkin' Donuts U.S. experienced sequential improvement in comparable store sales growth with comparable store sales growth of 2.8%, 3.8%, 6.0% and 7.4% in the first through the fourth quarters, respectively. The fiscal year 2011 comparable store sales growth of 5.1% for Dunkin' Donuts U.S. was our highest annual comparable store sales growth since 2005, while the 7.4% comparable store sales growth in the fourth quarter of fiscal year 2011 represented our highest quarterly performance in the past seven years.

Dunkin' Donuts U.S. comparable store sales growth(1)

(1) Data for fiscal year 2002 through fiscal year 2005 represent results for the fiscal years ended August. All other fiscal years represent results for the fiscal years ended the last Saturday in December.

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Our Baskin-Robbins U.S. operating segment, which represented approximately 6.6% of our total revenues in 2011, experienced comparable store sales growth of 0.5% in 2011, and decreased comparable store sales in 2010 and 2009 of (5.2)% and (6.0)%, respectively.

Our competitive business strengths

We attribute our success in the QSR segment to the following strengths:

Strong and established brands with leading market positions

We believe our Dunkin' Donuts and Baskin-Robbins brands have well-established reputations for delivering high-quality beverage and food products at a good value through convenient locations with fast and friendly service. Today both brands are leaders in their respective QSR categories, with aided brand awareness (where respondents are provided with brand names and asked if they have heard of them) of over 90% in the U.S., and a growing presence overseas. For the sixth consecutive year, Dunkin' Donuts was recognized in 2012 by Brand Keys, a customer satisfaction research company, as #1 in the U.S. on its Customer Loyalty Engagement Index® in the coffee category. Our customer loyalty is particularly evident in New England, where we have our highest penetration per capita in the U.S. and where, according to CREST® data, we hold a 59% market share of breakfast daypart visits and a 62% market share of total QSR coffee based on servings. Further demonstrating the strength of our brand, in 2011, the Dunkin' Donuts 12 oz. original blend bagged coffee was the #1 grocery stock-keeping unit nationally in the premium coffee category, with double the sales of our closest competitor, according to Nielsen.

Similarly, Baskin-Robbins is the #1 QSR chain in the U.S. for servings of hard serve ice cream and has established leading market positions in Japan and South Korea.

Franchised business model provides a platform for growth

Nearly 100% of our locations are franchised, allowing us to focus on our brand differentiation and menu innovation, while our franchisees expand our points of distribution with operational guidance from us. This expansion requires limited financial investment by us, given that new store development and substantially all of our store advertising costs are funded by our franchisees. Consequently, we achieved an operating income margin of approximately 33% in fiscal year 2011. For our domestic businesses, our revenues are largely derived from royalties based on a percentage of franchisee sales rather than their net income, as well as contractual lease payments and other franchise fees.

Store-level economics generate franchisee demand for new Dunkin' Donuts restaurants in the U.S.

In the U.S., new traditional format Dunkin' Donuts stores opened during fiscal year 2011, excluding gas and convenience locations, generated annualized unit volumes of approximately \$858,000 on a 52 week-basis, while the average capital expenditure required to open a new traditional restaurant site in the U.S., excluding gas and convenience locations, was approximately \$461,000 in 2011. While we do not directly benefit from improvements in store-level profitability, we believe that strong store-level economics is important to our ability to attract and retain successful franchisees and grow our business. Of our fiscal year 2011 openings and existing commitments, approximately 91% have been made by existing franchisees.

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Highly experienced management team

Our senior management team has significant QSR, foodservice and franchise company experience. Prior to joining Dunkin' Donuts, our CEO Nigel Travis served as the CEO of Papa John's International Inc. and previously held numerous senior positions at Blockbuster Inc. and Burger King Corporation. Other key members of the management team have previously held senior positions at various leading QSR and public consumer and retail companies, including Starbucks Corporation, The Home Depot, McDonald's, Procter & Gamble, Burger King Corporation, the Autogrill Group and Panera Bread Company.

Our growth strategy

We believe there are significant opportunities to grow our brands globally, further support the profitability of our franchisees, expand our leadership in the coffee, baked goods and ice cream categories of the QSR segment of the restaurant industry and deliver shareholder value by executing on the following strategies:

Increase comparable store sales and profitability in Dunkin' Donuts U.S.

We intend to continue building on our comparable store sales growth momentum and improve profitability through the following initiatives:

Further increase coffee and beverage sales. Since the late 1980s, we have transformed Dunkin' Donuts into a brand focused on coffee and other beverages, which now represent approximately 60% of U.S. systemwide sales for fiscal year 2011 and, we believe, generate increased customer visits to our stores and higher unit volumes, and which produce higher margins than our other products. We plan to increase our coffee and beverage revenue through continued new product innovations and related marketing, including advertising campaigns such as America Runs on Dunkin' and What are you Drinkin'? In the summer of 2011, Dunkin' Donuts began offering Dunkin' Donuts coffee®/K-Cups® exclusively at participating Dunkin' Donuts restaurants across the U.S. We believe this alliance is a significant long-term growth opportunity that will generate incremental sales and profits for our Dunkin' Donuts franchisees. We believe there has been no significant cannibalization of our other coffee businesses to date from the sale of K-Cups.

Extend leadership in breakfast daypart while growing afternoon daypart. As we maintain and grow our current leading market position in the breakfast daypart through innovative products like the Angus Steak & Egg Sandwich, the Big N' Toasted and the Wake-Up Wrap, we believe that our extensive coffee- and beverage-based menu, coupled with new hearty snack introductions, such as bakery sandwiches and tuna and chicken salad sandwiches, position us to grow share in the afternoon daypart (between 2:00 p.m. and 5:00 p.m.).

Continue to develop enhancements in restaurant operations. We will continue to maintain a highly operations-focused culture to help our franchisees maximize the quality and consistency of their customers' in-store experience, as well as to increase franchisee profitability, particularly through training programs and new technology. As evidence of our recent success in these areas, over 164,000 respondents, representing approximately 93% of all respondents, to our Guest Satisfaction Survey program in December 2011 rated their overall experience as Satisfied or Highly Satisfied.

Continue Dunkin' Donuts U.S. contiguous store expansion

We believe there is a significant opportunity to grow our points of distribution for Dunkin' Donuts in the U.S. given the strong potential outside of the Northeast region to increase our per-capita penetration to levels closer

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to those in our core markets. Our development strategy resulted in 243 net new U.S. store openings in fiscal year 2011. In fiscal year 2012, we expect our franchisees to open approximately 260 to 280 net new points of distribution in the U.S., principally in existing developed markets. We believe that our strategy of focusing on contiguous growth has the potential to, over approximately the next 20 years, more than double our current U.S. footprint and reach a total of 15,000 points of distribution in the U.S. The following table details our per-capita penetration levels in our U.S. regions.

Region	Population (in millions)	Stores¹	Penetration
Core	36.0	3,768	1:9,560
Eastern Established	53.8	2,227	1:24,160
Eastern Emerging	88.7	891	1:99,600
West	130.0	129	1:1,1008,100

¹ As of December 31, 2011

The key elements of our future domestic development strategy are:

Increase penetration in existing markets. In the near term, we intend to focus our development primarily on existing markets east of the Mississippi River. In certain established Eastern U.S. markets outside of our core markets, such as Philadelphia, Chicago and South Florida, we have already achieved per-capita penetration of one Dunkin' Donuts store for every 24,160 people.

Expand into new markets using a disciplined approach. We believe that the Western part of the U.S. represents a significant growth opportunity for Dunkin' Donuts. However, we believe that a disciplined approach to development is the best one for our brand and franchisees. Specifically, in the near-term, we intend to focus on development in markets that are adjacent to our existing base, and generally move westward in a contiguous fashion to less penetrated markets, providing for operational, marketing and supply chain efficiencies within each new market.

Focus on store-level economics. In recent years, we have undertaken significant initiatives to further enhance store-level economics for our franchisees that we believe have increased franchisee profitability. For example, we reduced the upfront capital expenditure costs to open an end-cap restaurant with a drive-thru by approximately 24% between fiscal years 2008 and 2011. Additionally, between fiscal years 2008 and 2011, we believe we have facilitated approximately \$247 million in franchisee cost reductions primarily through strategic sourcing, as well as through other initiatives, such as rationalizing the number of product offerings to reduce waste and reducing costs on branded packaging by reducing the color mix in graphics. We recently entered into an agreement with our franchisee-owned supply chain cooperative that provides for a three-year phase-in of flat invoice pricing across the franchise system, which, coupled with the cost reductions noted above, should lead to cost savings across the entire franchise system. We believe that the majority of these cost savings represent sustainable improvements to our franchisees' supply costs, with the remainder dependent upon the outcome of future supply contract re-negotiations, which typically occur every two to four years. However, there can be no assurance that these cost reductions will be sustainable in the future.

Drive accelerated international growth of both brands

We believe there is a significant opportunity to grow our points of distribution for both brands in international markets. Our international expansion strategy has resulted in more than 3,500 net new openings in the last 10 years. During fiscal year 2012, we expect our franchisees and licensees to open approximately 350 to 450 net new points of distribution internationally, principally in our existing markets.

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The key elements of our future international development strategy are:

Grow in our existing core markets. For the Dunkin' Donuts brand, we intend to focus on growth in South Korea and the Middle East. For Baskin-Robbins, we intend to focus on Japan, South Korea and key markets in the Middle East. In 2011, we had the #1 market share positions in the Fast Food Ice Cream category in Japan and South Korea.

Capitalize on other markets with significant growth potential. We intend to expand in certain international focus markets where our brands do not have a significant store presence, but where we believe there is consumer demand for our products as well as strong franchisee partners with knowledge of local business practices and consumer preferences. In 2011, we announced an agreement with an experienced QSR franchisee to enter the Indian market with our Dunkin' Donuts brand with the development of at least 500 Dunkin' Donuts restaurants throughout India, the first of which are expected to open by the end of the second quarter of 2012.

Further develop our franchisee support infrastructure. We plan to increase our focus on providing our international franchisees with operational tools and services such as native-language restaurant training programs and new international retail restaurant designs that can help them to efficiently operate in their markets and become more profitable.

Increase comparable store sales growth of Baskin-Robbins U.S.

In the U.S., Baskin-Robbins' core strengths are its national brand recognition, 65 years of heritage and #1 position in the QSR industry for servings of hard serve ice cream. While the Baskin-Robbins U.S. segment has experienced decreasing comparable store sales in three of the last four years, due primarily to increased competition and decreased consumer spending, and the number of Baskin-Robbins U.S. stores has decreased since 2008, we believe that we can capitalize on the brand's strengths and generate renewed excitement for the brand through several initiatives including our recently introduced More Flavors, More Full[™] marketing campaign. In addition, at the restaurant level, we seek to improve sales by focusing on operational and service improvements, by increasing cake and beverage sales, and through product innovation, marketing and technology.

Bill Mitchell leads our Baskin-Robbins U.S. operations, serving as our Senior Vice President and Brand Officer of Baskin-Robbins U.S. Prior to joining us in August 2010, he served in a variety of senior industry roles. Under Mr. Mitchell's leadership, comparable store sales for Baskin-Robbins U.S. increased 0.5% in fiscal 2011, with the fourth quarter of 2011 yielding comparable store sales growth of 5.8%. Further, over 4,400 respondents, representing approximately 90% of all respondents, to our Guest Satisfaction Survey program in December 2011 rated their overall experience as Satisfied or Extremely Satisfied.

Recent Developments

Fiscal quarter ending March 31, 2012

Our fiscal quarter will end on March 31, 2012 and accordingly, our results for the quarter are not yet available. We track comparable store sales growth on a weekly basis and, as a result, are able to provide preliminary range expectations for the full fiscal quarter for that metric below based on available information to date. We do not, however, track revenue or net income on a weekly basis and accordingly have not included any preliminary range expectations for those amounts.

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Based on available information to date, we expect to report Dunkin' Donuts U.S. comparable store sales growth of between 6.7% and 7.0%, compared to 2.8% for the fiscal quarter ended March 26, 2011, and Baskin-Robbins U.S. comparable stores sales growth of between 7.8% and 8.3%, compared to 0.5% for the fiscal quarter ended March 26, 2011. The range presented above for Baskin-Robbins U.S. comparable store sales growth is slightly larger than the range presented for Dunkin' Donuts U.S. comparable store sales growth due to the fact that Baskin-Robbins U.S. sales have historically fluctuated more than Dunkin' Donuts U.S. sales based on weather and, as a result, we believe that, for the remaining weeks of the fiscal quarter, the Baskin-Robbins U.S. sales are subject to greater fluctuation than the Dunkin' Donuts U.S. sales depending on the weather.

Our unaudited comparable store sales growth data for the fiscal quarter ending March 31, 2012 presented above are preliminary, based upon our estimates and preliminary information provided to us by our franchisees and subject to completion of the fiscal quarter and completion of our financial closing procedures. All of the data presented above have been prepared by and are the responsibility of management or have been reported to us by our franchisees. This summary is not a comprehensive statement of our financial results for the period and our actual results may differ materially from these estimates as a result of the financial results during the remainder of the quarter, which remain subject to external factors such as unusual or unseasonal weather, completion of our financial closing procedures, final adjustments and other developments that may arise between now and the time the financial results for this period are finalized, including receipt of additional information reported to us by our franchisees.

We have provided ranges for the expectations described above because our fiscal quarter is not yet complete and remains subject to our financial closing procedures once complete and we expect to receive further updated information reported to us by our franchisees before finalizing our financial results for the fiscal quarter. We expect that our final results upon the completion of the fiscal quarter and our financial closing procedures will be within the ranges described above. Data regarding comparable store sales growth are not audited or reviewed by our independent registered public accounting firm.

Risk factors

An investment in our common stock involves a high degree of risk. Any of the factors set forth under **Risk factors** may limit our ability to successfully execute our business strategy. You should carefully consider all of the information set forth in this prospectus and, in particular, should evaluate the specific factors set forth under **Risk factors** in deciding whether to invest in our common stock. Among these important risks are the following:

As of December 31, 2011, we had total indebtedness of approximately \$1.5 billion and our substantial debt could limit our ability to pursue our growth strategy;

our plans depend on initiatives designed to increase sales and improve the efficiencies, costs and effectiveness of our operations, and failure to achieve or sustain these plans could affect our performance adversely;

general economic factors and changes in consumer preference may adversely affect our performance;

we face competition that could limit our growth opportunities; and

our planned future growth will be impeded, which would adversely affect revenues, if our franchisees cannot open new domestic and international restaurants as anticipated.

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The Sponsors

Bain Capital Partners, LLC

Bain Capital, LLC is a global private investment firm headquartered in Boston whose affiliates, including Bain Capital Partners, LLC, manage several pools of capital including private equity, venture capital, public equity, high-yield assets and mezzanine capital with approximately \$59 billion in assets under management as of September 30, 2011. Since its inception in 1984, funds sponsored by Bain Capital have made private equity investments and add-on acquisitions in over 300 companies in a variety of industries around the world.

The Carlyle Group

Established in 1987, The Carlyle Group (Carlyle) is a global alternative asset management firm with more than \$147 billion in assets under management across 89 funds and 52 fund of funds vehicles as of December 31, 2011. Carlyle operates its business across four segments: corporate private equity, real assets, global market strategies and fund of funds solutions. Carlyle has approximately 1,300 employees, including more than 600 investment professionals in 33 offices across six continents, and serves over 1,400 active carry fund investors from 72 countries. Across its corporate private equity and real assets segments, Carlyle has investments in over 200 portfolio companies that employ more than 650,000 people.

Thomas H. Lee Partners, L.P.

Thomas H. Lee Partners, L.P. (THL) is one of the world's oldest and most experienced private equity firms. THL invests in growth-oriented companies, and focuses on global businesses headquartered primarily in North America. Since the firm's founding in 1974, THL has acquired more than 100 portfolio companies and have completed over 200 add-on acquisitions, representing a combined value of more than \$150 billion. The firm's two most recent private equity funds comprise more than \$14 billion of aggregate committed capital.

Upon completion of this offering, the Sponsors will continue to hold a significant interest in us and will continue to have significant influence over us and decisions made by stockholders and may have interests that differ from yours. See Risk factors Risks related to this offering and our common stock.

Company information

Our principal executive offices are located at 130 Royall Street, Canton, Massachusetts 02021, our telephone number at that address is (781) 737-3000 and our internet address is www.dunkinbrands.com. Our website, and the information contained on our website, is not part of this prospectus.

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The offering

Common stock offered by the selling stockholders 26,400,000 shares

Underwriters' option to purchase additional shares The selling stockholders have granted the underwriters a 30-day option to purchase up to an additional 3,960,000 shares.

Use of proceeds We will not receive any of the proceeds from the sale of shares of common stock by the selling stockholders.

Risk factors You should read carefully the Risk factors section of this prospectus for a discussion of factors that you should consider before deciding to invest in shares of our common stock.

NASDAQ Global Select Market symbol DNKN

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Summary consolidated financial and other data

The following table sets forth our summary historical and unaudited pro forma consolidated financial and other data as of the dates and for the periods indicated. The summary historical financial data as of December 31, 2011 and December 25, 2010 and for each of the three years in the period ended December 31, 2011 presented in this table have been derived from the audited consolidated financial statements included elsewhere in this prospectus. The summary consolidated balance sheet data as of December 26, 2009 have been derived from our historical audited financial statements for such year, which are not included in this prospectus. Historical results are not necessarily indicative of the results to be expected for future periods. The unaudited pro forma consolidated financial data for the fiscal year ended December 31, 2011 have been derived from our historical financial statements for such fiscal years, which are included elsewhere in this prospectus, after giving effect to the transactions specified under Unaudited pro forma consolidated statement of operations. The data in the following table related to points of distribution, comparable store sales growth, franchisee-reported sales and systemwide sales growth are unaudited for all periods presented. The data for fiscal year 2011 reflects the results of operations for a 53-week period. All other periods presented reflect the results of operations for 52-week periods.

This summary historical and unaudited pro forma consolidated financial and other data should be read in conjunction with the disclosures set forth under Capitalization, Unaudited pro forma consolidated statement of operations, Management's discussion and analysis of financial condition and results of operations and the consolidated financial statements and the related notes thereto appearing elsewhere in this prospectus.

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	2011	Fiscal Year 2010	2009
(\$ in thousands, except per share data or as otherwise noted)			
Consolidated Statements of Operations Data:			
Franchise fees and royalty income	\$ 398,474	359,927	344,020
Rental income	92,145	91,102	93,651
Sales of ice cream products	100,068	84,989	75,256
Other revenues	37,511	41,117	25,146
Total revenues	628,198	577,135	538,073
Amortization of intangible assets	28,025	32,467	35,994
Impairment charges	2,060	7,075	8,517
Other operating costs and expenses(1)	389,329	361,893	323,318
Total operating costs and expenses	419,414	401,435	367,829
Equity in net income (loss) of joint ventures(2)	(3,475)	17,825	14,301
Operating income	205,309	193,525	184,545
Interest expense, net	(104,449)	(112,532)	(115,019)
Gain (loss) on debt extinguishment and refinancing transactions	(34,222)	(61,955)	3,684
Other gains, net	175	408	1,066
Income before income taxes	66,813	19,446	74,276
Net income	\$ 34,442	26,861	35,008
Earnings (loss) per share:			
Class L basic and diluted	\$ 6.14	4.87	4.57
Common basic and diluted	\$ (1.41)	(2.04)	(1.69)
Pro Forma Consolidated Statement of Operations Data(3):			
Pro forma net income	\$ 88,030		
Pro forma earnings per share:			
Basic	\$ 0.74		
Diluted	\$ 0.73		
Pro forma weighted average shares outstanding:			
Basic	119,382,200		
Diluted	120,446,787		
Consolidated Balance Sheet Data:			
Total cash, cash equivalents, and restricted cash(4)	\$ 246,984	134,504	171,403
Total assets	3,224,018	3,147,288	3,224,717
Total debt(5)	1,473,469	1,864,881	1,451,757
Total liabilities	2,478,082	2,841,047	2,454,109
Common stock, Class L(6)	840,582	840,582	1,232,001
Total stockholders' equity (deficit)(6)	745,936	(534,341)	(461,393)
Other Financial Data:			
Capital expenditures	\$ 18,596	15,358	18,012
Adjusted operating income(7)	270,740	233,067	229,056
Adjusted net income(7)	101,744	87,759	59,504
Points of Distribution(8):			
Dunkin' Donuts U.S.	7,015	6,772	6,566
Dunkin' Donuts International	3,068	2,988	2,620
Baskin-Robbins U.S.	2,457	2,547	2,597
Baskin-Robbins International	4,254	3,886	3,610
Total distribution points	16,794	16,193	15,393

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Comparable Store Sales Growth (U.S. Only)(9):				
Dunkin' Donuts		5.1%	2.3%	(1.3)%
Baskin-Robbins		0.5%	(5.2)%	(6.0)%
Franchisee-Reported Sales (\$ in millions)(10):				
Dunkin' Donuts U.S.	\$	5,919	5,403	5,174
Dunkin' Donuts International		636	584	508
Baskin-Robbins U.S.		496	494	524
Baskin-Robbins International		1,292	1,158	970
Total Franchisee-Reported Sales	\$	8,343	7,639	7,176
Company-Owned Store Sales (\$ in millions)(11):				
Dunkin' Donuts U.S.	\$	12	17	2
Baskin-Robbins U.S.		1		
Systemwide Sales Growth(12):				
Dunkin' Donuts U.S.		9.4%	4.7%	3.4%
Dunkin' Donuts International		9.1%	15.0%	(4.0)%
Baskin-Robbins U.S.		0.4%	(5.5)%	(6.4)%
Baskin-Robbins International		11.6%	19.4%	21.3%
Total Systemwide Sales Growth		9.1%	6.7%	4.1%

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- (1) Includes fees paid to the Sponsors of \$16.4 million for fiscal year 2011, and \$3.0 million for each of the fiscal years 2010 and 2009, under a management agreement, which was terminated in connection with our IPO.
- (2) Fiscal year 2011 includes an impairment of the investment in the Korea joint venture of \$19.8 million, less a reduction in depreciation and amortization, net of tax, resulting from the impairment of the underlying intangible and long-lived assets of \$976,000. Amounts also include amortization expense, net of tax, related to intangible franchise rights established in purchase accounting of \$868,000, \$897,000 and \$899,000 for fiscal years 2011, 2010 and 2009, respectively.
- (3) See Unaudited pro forma consolidated statement of operations.
- (4) Amount as of December 26, 2009 includes cash held in restricted accounts pursuant to the terms of the securitization indebtedness. Following the redemption and discharge of the securitization indebtedness in fiscal year 2010, such amounts are no longer restricted. The amounts also include cash held as advertising funds or reserved for gift card/certificate programs.
- (5) Includes capital lease obligations of \$5.2 million, \$5.4 million and \$5.4 million as of December 31, 2011, December 25, 2010 and December 26, 2009, respectively.
- (6) Prior to our IPO in fiscal year 2011, the Company had two classes of common stock, Class L and common. Class L common stock was classified outside of permanent equity at its preferential distribution amount, as the Class L stockholders controlled the timing and amount of distributions. Immediately prior to our IPO, each share of Class L common stock converted into 2.4338 shares of common stock, and the preferential distribution amount of Class L common stock at the date of conversion was reclassified into additional paid-in capital within permanent equity.
- (7) Adjusted operating income and adjusted net income are non-GAAP measures reflecting operating income and net income adjusted for amortization of intangible assets, impairment charges, Sponsor management agreement termination fee, and secondary offering costs, and, in the case of adjusted net income, gain (loss) on debt extinguishment and refinancing transactions, net of the tax impact of such adjustments. The Company uses adjusted operating income and adjusted net income as key performance measures for the purpose of evaluating performance internally. We also believe adjusted operating income and adjusted net income provide our investors with useful information regarding our historical operating results. These non-GAAP measurements are not intended to replace the presentation of our financial results in accordance with GAAP. Use of the terms adjusted operating income and adjusted net income may differ from similar measures reported by other companies. Adjusted operating income and adjusted net income are reconciled from operating income and net income, respectively, determined under GAAP as follows:

	Fiscal Year		
	2011	2010	2009
	(Unaudited, \$ in thousands)		
Operating income	\$ 205,309	193,525	184,545
Adjustments:			
Sponsor termination fee	14,671		
Amortization of other intangible assets	28,025	32,467	35,994
Impairment charges	2,060	7,075	8,517
Korea joint venture impairment, net(i)	18,776		
Secondary offering costs	1,899		
Adjusted operating income	\$ 270,740	233,067	229,056
Net income	\$ 34,442	26,861	35,008
Adjustments:			
Sponsor termination fee	14,671		
Amortization of other intangible assets	28,025	32,467	35,994
Impairment charges	2,060	7,075	8,517
Korea joint venture impairment, net(i)	18,776		
Secondary offering costs	1,899		
Loss (gain) on debt extinguishment and refinancing transactions	34,222	61,955	(3,684)

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Tax impact of adjustments(ii)	(32,351)	(40,599)	(16,331)
Adjusted net income	\$ 101,744	87,759	59,504

- (i) Amount consists of an impairment of the investment in the Korea joint venture of \$19.8 million, less a reduction in depreciation and amortization, net of tax, of \$976,000 resulting from the allocation of the impairment charge to the underlying intangible and long-lived assets of the joint venture.
- (ii) Tax impact of adjustments calculated at a 40% effective tax rate for each period presented, excluding the Korea joint venture impairment in fiscal year 2011 as there was no tax impact related to that charge.
- (8) Represents period end points of distribution.
- (9) Represents the growth in average weekly sales for franchisee- and company-owned restaurants that have been open at least 54 weeks that have reported sales in the current and comparable prior year week.
- (10) Franchisee-reported sales include sales at franchisee restaurants, including joint ventures.
- (11) Company-owned store sales include sales at restaurants owned and operated by Dunkin' Brands.
- (12) Systemwide sales growth represents the percentage change in sales at both franchisee- and company-owned restaurants from the comparable period of the prior year. Changes in systemwide sales are driven by changes in average comparable store sales and changes in the number of restaurants.

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Risk factors

An investment in our common stock involves various risks. You should carefully consider the following risks and all of the other information contained in this prospectus before investing in our common stock. The risks described below are those which we believe are the material risks that we face. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment in our common stock.

Risks related to our business and industry

Our financial results are affected by the operating results of our franchisees.

We receive a substantial majority of our revenues in the form of royalties, which are generally based on a percentage of gross sales at franchised restaurants, rent and other fees from franchisees. Accordingly, our financial results are to a large extent dependent upon the operational and financial success of our franchisees. If sales trends or economic conditions worsen for franchisees, their financial results may deteriorate and our royalty, rent and other revenues may decline and our accounts receivable and related allowance for doubtful accounts may increase. In addition, if our franchisees fail to renew their franchise agreements, our royalty revenues may decrease which in turn could materially and adversely affect our business and operating results.

Our franchisees could take actions that could harm our business.

Our franchisees are contractually obligated to operate their restaurants in accordance with the operations, safety and health standards set forth in our agreements with them. However, franchisees are independent third parties whom we do not control. The franchisees own, operate and oversee the daily operations of their restaurants. As a result, the ultimate success and quality of any franchised restaurant rests with the franchisee. If franchisees do not successfully operate restaurants in a manner consistent with required standards, franchise fees paid to us and royalty income will be adversely affected and brand image and reputation could be harmed, which in turn could materially and adversely affect our business and operating results.

Although we believe we generally enjoy a positive working relationship with the vast majority of our franchisees, active and/or potential disputes with franchisees could damage our brand reputation and/or our relationships with the broader franchisee group.

Sub-franchisees could take actions that could harm our business and that of our master franchisees.

In certain of our international markets, we enter into agreements with master franchisees that permit the master franchisee to develop and operate restaurants in defined geographic areas. As permitted by our master franchisee agreements, certain master franchisees elect to sub-franchise rights to develop and operate restaurants in the geographic area covered by the master franchisee agreement. Our master franchisee agreements contractually obligate our master franchisees to operate their restaurants in accordance with specified operations, safety and health standards and also require that any sub-franchise agreement contain similar requirements. However, we are not party to the agreements with the sub-franchisees and, as a result, are dependent upon our master franchisees to enforce these standards with respect to sub-franchised restaurants. As a result, the ultimate success and quality of any sub-franchised restaurant rests with the master franchisee. If sub-franchisees do not successfully operate their restaurants in a manner consistent with required standards, franchise fees and royalty income paid to the applicable master franchisee and, ultimately, to us could be adversely affected and our brand image and reputation may be harmed, which could materially and adversely affect our business and operating results.

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Our success depends substantially on the value of our brands.

Our success is dependent in large part upon our ability to maintain and enhance the value of our brands, our customers' connection to our brands and a positive relationship with our franchisees. Brand value can be severely damaged even by isolated incidents, particularly if the incidents receive considerable negative publicity or result in litigation. Some of these incidents may relate to the way we manage our relationship with our franchisees, our growth strategies, our development efforts in domestic and foreign markets, or the ordinary course of our, or our franchisees', business. Other incidents may arise from events that are or may be beyond our ability to control and may damage our brands, such as actions taken (or not taken) by one or more franchisees or their employees relating to health, safety, welfare or otherwise; litigation and claims; security breaches or other fraudulent activities associated with our electronic payment systems; and illegal activity targeted at us or others. Consumer demand for our products and our brands' value could diminish significantly if any such incidents or other matters erode consumer confidence in us or our products, which would likely result in lower sales and, ultimately, lower royalty income, which in turn could materially and adversely affect our business and operating results.

The quick service restaurant segment is highly competitive, and competition could lower our revenues.

The QSR segment of the restaurant industry is intensely competitive. The beverage and food products sold by our franchisees compete directly against products sold at other QSRs, local and regional beverage and food operations, specialty beverage and food retailers, supermarkets and wholesale suppliers, many bearing recognized brand names and having significant customer loyalty. In addition to the prevailing baseline level of competition, major market players in noncompeting industries may choose to enter the restaurant industry. Key competitive factors include the number and location of restaurants, quality and speed of service, attractiveness of facilities, effectiveness of advertising, marketing and operational programs, price, demographic patterns and trends, consumer preferences and spending patterns, menu diversification, health or dietary preferences and perceptions and new product development. Some of our competitors have substantially greater financial and other resources than us, which may provide them with a competitive advantage. In addition, we compete within the restaurant industry and the QSR segment not only for customers but also for qualified franchisees. We cannot guarantee the retention of any, including the top-performing, franchisees in the future, or that we will maintain the ability to attract, retain, and motivate sufficient numbers of franchisees of the same caliber, which could materially and adversely affect our business and operating results. If we are unable to maintain our competitive position, we could experience lower demand for products, downward pressure on prices, the loss of market share and the inability to attract, or loss of, qualified franchisees, which could result in lower franchise fees and royalty income, and materially and adversely affect our business and operating results.

We cannot predict the impact that the following may have on our business: (i) new or improved technologies, (ii) alternative methods of delivery or (iii) changes in consumer behavior facilitated by these technologies and alternative methods of delivery.

Advances in technologies or alternative methods of delivery, including advances in vending machine technology and home coffee makers, or certain changes in consumer behavior driven by these or other technologies and methods of delivery could have a negative effect on our business. Moreover, technology and consumer offerings continue to develop, and we expect that new or enhanced technologies and consumer offerings will be available in the future. We may pursue certain of those technologies and consumer offerings if we believe they offer a sustainable customer proposition and can be successfully integrated into our business model. However, we cannot predict consumer acceptance of these delivery channels or their impact on our business. In addition, our

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competitors, some of whom have greater resources than us, may be able to benefit from changes in technologies or consumer acceptance of alternative methods of delivery, which could harm our competitive position. There can be no assurance that we will be able to successfully respond to changing consumer preferences, including with respect to new technologies and alternative methods of delivery, or to effectively adjust our product mix, service offerings and marketing and merchandising initiatives for products and services that address, and anticipate advances in, technology and market trends. If we are not able to successfully respond to these challenges, our business, financial condition and operating results could be harmed.

Economic conditions adversely affecting consumer discretionary spending may negatively impact our business and operating results.

We believe that our franchisees' sales, customer traffic and profitability are strongly correlated to consumer discretionary spending, which is influenced by general economic conditions, unemployment levels and the availability of discretionary income. Recent economic developments have weakened consumer confidence and impacted spending of discretionary income. Our franchisees' sales are dependent upon discretionary spending by consumers; any reduction in sales at franchised restaurants will result in lower royalty payments from franchisees to us and adversely impact our profitability. If the economic downturn continues for a prolonged period of time or becomes more pervasive, our business and results of operations could be materially and adversely affected. In addition, the pace of new restaurant openings may be slowed and restaurants may be forced to close, reducing the restaurant base from which we derive royalty income. As long as the weak economic environment continues, our franchisees' sales and profitability and our overall business and operating results could be adversely affected.

Our substantial indebtedness could adversely affect our financial condition.

We have a significant amount of indebtedness. As of December 31, 2011, we had total indebtedness of approximately \$1.5 billion, excluding \$11.2 million of undrawn letters of credit and \$88.8 million of unused commitments under our senior credit facility.

Subject to the limits contained in the credit agreement governing our senior credit facility and our other debt instruments, we may be able to incur substantial additional debt from time to time to finance working capital, capital expenditures, investments or acquisitions, or for other purposes. If we do so, the risks related to our high level of debt could intensify. Specifically, our high level of debt could have important consequences, including:

limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;

requiring a substantial portion of our cash flow to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flow available for working capital, capital expenditures, acquisitions and other general corporate purposes;

increasing our vulnerability to adverse changes in general economic, industry and competitive conditions;

exposing us to the risk of increased interest rates as certain of our borrowings, including borrowings under the senior credit facility, are at variable rates of interest;

limiting our flexibility in planning for and reacting to changes in the industry in which we compete;

placing us at a disadvantage compared to other, less leveraged competitors or competitors with comparable debt at more favorable interest rates; and

increasing our cost of borrowing.

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Our variable rate debt exposes us to interest rate risk which could adversely affect our cash flow.

The borrowings under our senior credit facility bear interest at variable rates. Other debt we incur also could be variable rate debt. If market interest rates increase, variable rate debt will create higher debt service requirements, which could adversely affect our cash flow. While we may in the future enter into agreements limiting our exposure to higher interest rates, any such agreements may not offer complete protection from this risk.

The terms of our indebtedness restrict our current and future operations, particularly our ability to respond to changes or to take certain actions.

The credit agreement governing our senior credit facility contains a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interest, including restrictions on our ability to:

incur certain liens;

incur additional indebtedness and guarantee indebtedness;

pay dividends or make other distributions in respect of, or repurchase or redeem, capital stock;

prepay, redeem or repurchase certain debt;

make investments, loans, advances and acquisitions;

sell or otherwise dispose of assets, including capital stock of our subsidiaries;

enter into transactions with affiliates;

alter the businesses we conduct;

enter into agreements restricting our subsidiaries' ability to pay dividends; and

consolidate, merge or sell all or substantially all of our assets.

In addition, the restrictive covenants in the credit agreement governing our senior credit facility require us to maintain specified financial ratios and satisfy other financial condition tests. Our ability to meet those financial ratios and tests can be affected by events beyond our control.

A breach of the covenants under the credit agreement governing our senior credit facility could result in an event of default under the applicable indebtedness. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under the credit agreement governing our senior credit facility would permit the lenders under our senior credit facility to terminate all commitments to extend further credit under that facility. Furthermore, if we were unable to repay the amounts due and payable under our senior credit facility, those lenders could proceed against the collateral granted to them to secure that indebtedness, which could force us into bankruptcy or liquidation. In the event our lenders accelerate the

repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness.

If our operating performance declines, we may in the future need to obtain waivers from the required lenders under our senior credit facility to avoid being in default. If we breach our covenants under our senior credit facility and seek a waiver, we may not be able to obtain a waiver from the required lenders. If this occurs we would be in default under our senior credit facility, the lenders could exercise their rights, as described above.

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and we could be forced into bankruptcy or liquidation. See Management's discussion and analysis of financial condition and results of operations Liquidity and capital resources, and Description of indebtedness.

Infringement, misappropriation or dilution of our intellectual property could harm our business.

We regard our Dunkin' Donuts® and Baskin-Robbins® trademarks as having significant value and as being important factors in the marketing of our brands. We have also obtained trademark protection for several of our product offerings and advertising slogans, including America Runs on Dunkin® and What are you Drinkin' ? We believe that these and other intellectual property are valuable assets that are critical to our success. We rely on a combination of protections provided by contracts, as well as copyright, patent, trademark, and other laws, such as trade secret and unfair competition laws, to protect our intellectual property from infringement, misappropriation or dilution. We have registered certain trademarks and service marks and have other trademark and service mark registration applications pending in the U.S. and foreign jurisdictions. However, not all of the trademarks or service marks that we currently use have been registered in all of the countries in which we do business, and they may never be registered in all of those countries. Although we monitor trademark portfolios both internally and through external search agents and impose an obligation on franchisees to notify us upon learning of potential infringement, there can be no assurance that we will be able to adequately maintain, enforce and protect our trademarks or other intellectual property rights. We are aware of names and marks similar to our service marks being used by other persons in certain geographic areas in which we have restaurants. Although we believe such uses will not adversely affect us, further or currently unknown unauthorized uses or other infringement of our trademarks or service marks could diminish the value of our brands and may adversely affect our business. Effective intellectual property protection may not be available in every country in which we have or intend to open or franchise a restaurant. Failure to adequately protect our intellectual property rights could damage our brands and impair our ability to compete effectively. Even where we have effectively secured statutory protection for our trade secrets and other intellectual property, our competitors may misappropriate our intellectual property and our employees, consultants and suppliers may breach their contractual obligations not to reveal our confidential information, including trade secrets. Although we have taken measures to protect our intellectual property, there can be no assurance that these protections will be adequate or that third parties will not independently develop products or concepts that are substantially similar to ours. Despite our efforts, it may be possible for third-parties to reverse-engineer, otherwise obtain, copy, and use information that we regard as proprietary. Furthermore, defending or enforcing our trademark rights, branding practices and other intellectual property, and seeking an injunction and/or compensation for misappropriation of confidential information, could result in the expenditure of significant resources and divert the attention of management, which in turn may materially and adversely affect our business and operating results.

Although we monitor and restrict franchisee activities through our franchise and license agreements, franchisees may refer to our brands improperly in writings or conversation, resulting in the dilution of our intellectual property. Franchisee noncompliance with the terms and conditions of our franchise or license agreements may reduce the overall goodwill of our brands, whether through the failure to meet health and safety standards, engage in quality control or maintain product consistency, or through the participation in improper or objectionable business practices. Moreover, unauthorized third parties may use our intellectual property to trade on the goodwill of our brands, resulting in consumer confusion or dilution. Any reduction of our brands' goodwill, consumer confusion, or dilution is likely to impact sales, and could materially and adversely impact our business and operating results.

Under certain license agreements, our subsidiaries have licensed to Dunkin' Brands the right to use certain trademarks, and in connection with those licenses, Dunkin' Brands monitors the use of trademarks and the quality of the licensed products. While courts have generally approved the delegation of quality-control

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obligations by a trademark licensor to a licensee under appropriate circumstances, there can be no guarantee that these arrangements will not be deemed invalid on the ground that the trademark owner is not controlling the nature and quality of goods and services sold under the licensed trademarks.

The restaurant industry is affected by consumer preferences and perceptions. Changes in these preferences and perceptions may lessen the demand for our products, which could reduce sales by our franchisees and reduce our royalty revenues.

The restaurant industry is affected by changes in consumer tastes, national, regional and local economic conditions and demographic trends. For instance, if prevailing health or dietary preferences cause consumers to avoid donuts and other products we offer in favor of foods that are perceived as more healthy, our franchisees' sales would suffer, resulting in lower royalty payments to us, and our business and operating results would be harmed.

If we fail to successfully implement our growth strategy, which includes opening new domestic and international restaurants, our ability to increase our revenues and operating profits could be adversely affected.

Our growth strategy relies in part upon new restaurant development by existing and new franchisees. We and our franchisees face many challenges in opening new restaurants, including:

availability of financing;

selection and availability of suitable restaurant locations;

competition for restaurant sites;

negotiation of acceptable lease and financing terms;

securing required domestic or foreign governmental permits and approvals;

consumer tastes in new geographic regions and acceptance of our products;

employment and training of qualified personnel;

impact of inclement weather, natural disasters and other acts of nature; and

general economic and business conditions.

In particular, because the majority of our new restaurant development is funded by franchisee investment, our growth strategy is dependent on our franchisees' (or prospective franchisees') ability to access funds to finance such development. We do not provide our franchisees with direct financing and therefore their ability to access borrowed funds generally depends on their independent relationships with various financial institutions. If our franchisees (or prospective franchisees) are not able to obtain financing at commercially reasonable rates, or at all, they may be unwilling or unable to invest in the development of new restaurants, and our future growth could be adversely affected.

To the extent our franchisees are unable to open new stores as we anticipate, our revenue growth would come primarily from growth in comparable store sales. Our failure to add a significant number of new restaurants or grow comparable store sales would adversely affect our

ability to increase our revenues and operating income and could materially and adversely harm our business and operating results.

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Increases in commodity prices may negatively affect payments from our franchisees and licensees.

Coffee and other commodity prices are subject to substantial price fluctuations, stemming from variations in weather patterns, shifting political or economic conditions in coffee-producing countries and delays in the supply chain. In particular, the cost of commodity inputs for a number of goods, including ice cream and coffee, rose in fiscal year 2011. If commodity prices rise, franchisees may experience reduced sales, due to decreased consumer demand at retail prices that have been raised to offset increased commodity prices, which may reduce franchisee profitability. Any such decline in franchisee sales will reduce our royalty income, which in turn may materially and adversely affect our business and operating results.

Through our wholly-owned subsidiary Dunkin' Brands Canada Ltd. (DBCL), we manufacture ice cream at a facility located in Peterborough, Ontario, Canada (the Peterborough Facility). We sell such ice cream to certain international franchisees for their resale. As a result, we are subject to risks associated with dairy products and sugar, the primary ingredients used in the production of ice cream at the Peterborough Facility, including price fluctuations and interruptions in the supply chain of these commodities. If the prices of these commodities rise, we may increase the cost of ice cream sold to such international franchisees, but only after a thirty day notice period required under our franchise agreements, during which our margin on such sales would decline.

Our joint ventures in Japan and South Korea (the International JVs), as well as our licensees in Russia and India, do not rely on the Peterborough Facility and, instead, manufacture ice cream products independently. Each of the International JVs owns a manufacturing facility in its country of operation. The revenues derived from the International JVs differ fundamentally from those of other types of franchise arrangements in the system because the income that we receive from the International JVs is based in part on the profitability, rather than the gross sales, of the restaurants operated by the International JVs. Accordingly, in the event that the International JVs experience staple ingredient price increases that adversely affect the profitability of the restaurants operated by the International JVs, that decrease in profitability would reduce distributions by the International JVs to us, which in turn could materially and adversely impact our business and operating results.

Shortages of coffee could adversely affect our revenues.

If coffee consumption continues to increase worldwide or there is a disruption in the supply of coffee due to natural disasters, political unrest or other calamities, the global coffee supply may fail to meet demand. If coffee demand is not met, franchisees may experience reduced sales which, in turn, would reduce our royalty income. Such a reduction in our royalty income may materially and adversely affect our business and operating results.

We and our franchisees rely on computer systems to process transactions and manage our business, and a disruption or a failure of such systems or technology could harm our ability to effectively manage our business.

Network and information technology systems are integral to our business. We utilize various computer systems, including our FAST System and our EFTPay System, which are customized, web-based systems. The FAST System is the system by which our U.S. and Canadian franchisees report their weekly sales and pay their corresponding royalty fees and required advertising fund contributions. When sales are reported by a U.S. or Canadian franchisee, a withdrawal for the authorized amount is initiated from the franchisee's bank after 12 days (from the week ending or month ending date). The FAST System is critical to our ability to accurately track sales and compute royalties due from our U.S. and Canadian franchisees. The EFTPay System is used by our U.S. and Canadian franchisees to make payments against open, non-fee invoices (i.e., all invoices except royalty and advertising funds). When a franchisee selects an invoice and submits the payment, on the following day a withdrawal for the selected amount is initiated from the franchisee's bank. Despite the implementation of

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security measures, our systems, including the FAST System and the EFTPay System, are subject to damage and/or interruption as a result of power outages, computer and network failures, computer viruses and other disruptive software, security breaches, catastrophic events and improper usage by employees. Such events could result in a material disruption in operations, a need for a costly repair, upgrade or replacement of systems, or a decrease in, or in the collection of, royalties paid to us by our franchisees. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability which could materially affect our results of operations.

Interruptions in the supply of product to franchisees and licensees could adversely affect our revenues.

In order to maintain quality-control standards and consistency among restaurants, we require through our franchise agreements that our franchisees obtain food and other supplies from preferred suppliers approved in advance. In this regard, we and our franchisees depend on a group of suppliers for ingredients, foodstuffs, beverages and disposable serving instruments including, but not limited to, Rich Products Corp., Dean Foods Co., DBCL, PepsiCo, Inc. and Silver Pail Dairy, Ltd. as well as five primary coffee roasters and three primary donut mix suppliers. In 2011, we and our franchisees purchased products from over 450 approved domestic suppliers, with approximately 15 of such suppliers providing half, based on dollar volume, of all products purchased domestically. We look to approve multiple suppliers for most products, and require any single sourced supplier, such as PepsiCo, Inc., to have audited contingency plans in place to ensure continuity of supply. In addition we believe that, if necessary, we could obtain readily available alternative sources of supply for each product that we currently source through a single supplier. To facilitate the efficiency of our franchisees' supply chain, we have historically entered into several preferred-supplier arrangements for particular food or beverage items.

The Dunkin' Donuts system is supported domestically by the franchisee-owned purchasing and distribution cooperative known as the National Distributor Commitment Program. We have a long-term agreement with the National DCP, LLC (the "NDCP") for the NDCP to provide substantially all of the goods needed to operate a Dunkin' Donuts restaurant in the U.S. The NDCP also supplies some international markets. The NDCP aggregates the franchisee demand, sends requests for proposals to approved suppliers and negotiates contracts for approved items. The NDCP also inventories the items in its four regional distribution centers and ships products to franchisees at least one time per week. We do not control the NDCP and have only limited contractual rights under our agreement with the NDCP associated with supplier certification and quality assurance and protection of our intellectual property. While the NDCP maintains contingency plans with its approved suppliers and has a contingency plan for its own distribution function to restaurants, our franchisees bear risks associated with the timeliness, solvency, reputation, labor relations, freight costs, price of raw materials and compliance with health and safety standards of each supplier (including DBCL and those of the International JVs) including, but not limited to, risks associated with contamination to food and beverage products. We have little control over such suppliers other than DBCL, which produces ice cream for resale by us. Disruptions in these relationships may reduce franchisee sales and, in turn, our royalty income.

Overall difficulty of suppliers (including DBCL and those of the International JVs) meeting franchisee product demand, interruptions in the supply chain, obstacles or delays in the process of renegotiating or renewing agreements with preferred suppliers, financial difficulties experienced by suppliers, or the deficiency, lack, or poor quality of alternative suppliers could adversely impact franchisee sales which, in turn, would reduce our royalty income and could materially and adversely affect our business and operating results.

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We may not be able to recoup our expenditures on properties we sublease to franchisees.

Pursuant to the terms of certain prime leases we have entered into with third-party landlords, we may be required to construct or improve a property, pay taxes, maintain insurance and comply with building codes and other applicable laws. The subleases we enter into with franchisees related to such properties typically pass through such obligations, but if a franchisee fails to perform the obligations passed through to them, we will be required to perform those obligations, resulting in an increase in our leasing and operational costs and expenses. Additionally, in some locations, we may pay more rent and other amounts to third-party landlords under a prime lease than we receive from the franchisee who subleases such property. Typically, our franchisees' rent is based in part on a percentage of gross sales at the restaurant, so a downturn in gross sales would negatively affect the level of the payments we receive.

If the international markets in which we compete are affected by changes in political, social, legal, economic or other factors, our business and operating results may be materially and adversely affected.

As of December 31, 2011, we had 7,322 restaurants located in 57 foreign countries. The international operations of our franchisees may subject us to additional risks, which differ in each country in which our franchisees operate, and such risks may negatively affect our result in a delay in or loss of royalty income to us.

The factors impacting the international markets in which restaurants are located may include:

recessionary or expansive trends in international markets;

changes in foreign currency exchange rates and hyperinflation or deflation in the foreign countries in which we or the International JVs operate;

the imposition of restrictions on currency conversion or the transfer of funds;

availability of credit for our franchisees, licensees and International JVs to finance the development of new restaurants;

increases in the taxes paid and other changes in applicable tax laws;

legal and regulatory changes and the burdens and costs of local operators' compliance with a variety of laws, including trade restrictions and tariffs;

interruptions in the supply of product;

increases in anti-American sentiment and the identification of the Dunkin' Donuts brand and Baskin-Robbins brand as American brands;

political and economic instability; and

natural disasters and other calamities.

Any or all of these factors may reduce distributions from our International JVs or other international partners and/or royalty income, which in turn may materially and adversely impact our business and operating results.

Termination of an arrangement with a master franchisee could adversely impact our revenues.

Internationally, and in limited cases domestically, we enter into relationships with master franchisees to develop and operate restaurants in defined geographic areas. Master franchisees are granted exclusivity rights with respect to larger territories than the typical franchisee, and in particular cases, expansion after minimum requirements are met is subject to the discretion of the master franchisee. In fiscal years 2011, 2010 and 2009,

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we derived approximately 15.1%, 14.6% and 14.1%, respectively, of our total revenues from master franchisee arrangements. The termination of an arrangement with a master franchisee or a lack of expansion by certain master franchisees could result in the delay of the development of franchised restaurants, or an interruption in the operation of one of our brands in a particular market or markets. Any such delay or interruption would result in a delay in, or loss of, royalty income to us whether by way of delayed royalty income or delayed revenues from the sale of ice cream products by us to franchisees internationally, or reduced sales. Any interruption in operations due to the termination of an arrangement with a master franchisee similarly could result in lower revenues for us, particularly if we were to determine to close restaurants following the termination of an arrangement with a master franchisee.

Our contracts with the U.S. military are non-exclusive and may be terminated with little notice.

We have contracts with the U.S. military, including with the Army & Air Force Exchange Service and the Navy Exchange Service Command. These military contracts are predominantly between the U.S. military and Baskin-Robbins. We derive revenue from the arrangements provided for under these contracts mainly through the sale of ice cream to the U.S. military (rather than through royalties) for resale on base locations and in field operations. While revenues derived from arrangements with the U.S. military represented less than 1% of our total revenues and less than 4% of our international revenues for 2011, because these contracts are non-exclusive and cancellable with minimal notice and have no minimum purchase requirements, revenues attributable to these contracts may vary significantly year to year. Any changes in the U.S. military's domestic or international needs, or a decision by the U.S. military to use a different supplier, could result in lower revenues for us.

Fluctuations in exchange rates affect our revenues.

We are subject to inherent risks attributed to operating in a global economy. Most of our revenues, costs and debts are denominated in U.S. dollars. However, sales made by franchisees outside of the U.S. are denominated in the currency of the country in which the point of distribution is located, and this currency could become less valuable prior to calculation of our royalty payments in U.S. dollars as a result of exchange rate fluctuations. As a result, currency fluctuations could reduce our royalty income. Unfavorable currency fluctuations could result in a reduction in our revenues. Cost of ice cream produced in the Peterborough Facility in Canada, as well as income we earn from our joint ventures, is also subject to currency fluctuations. These currency fluctuations affecting our revenues and costs could adversely affect our business and operating results.

Adverse public or medical opinions about the health effects of consuming our products, as well as reports of incidents involving food-borne illnesses or food tampering, whether or not accurate, could harm our brands and our business.

Some of our products contain caffeine, dairy products, sugar and other active compounds, the health effects of which are the subject of increasing public scrutiny, including the suggestion that excessive consumption of caffeine, dairy products, sugar and other active compounds can lead to a variety of adverse health effects. There has also been greater public awareness that sedentary lifestyles, combined with excessive consumption of high-calorie foods, have led to a rapidly rising rate of obesity. In the U.S. and certain other countries, there is increasing consumer awareness of health risks, including obesity, as well as increased consumer litigation based on alleged adverse health impacts of consumption of various food products. While we offer some healthier beverage and food items, including reduced fat items, an unfavorable report on the health effects of caffeine or other compounds present in our products, or negative publicity or litigation arising from other health risks such as obesity, could significantly reduce the demand for our beverages and food products.

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Similarly, instances or reports, whether true or not, of unclean water supply, food-borne illnesses and food tampering have in the past severely injured the reputations of companies in the food processing, grocery and QSR segments and could in the future affect us as well. Any report linking us or our franchisees to the use of unclean water, food-borne illnesses or food tampering could damage our brands' value immediately, severely hurt sales of beverages and food products, and possibly lead to product liability claims. In addition, instances of food-borne illnesses or food tampering, even those occurring solely at the restaurants of competitors, could, by resulting in negative publicity about the foodservice or restaurant industry, adversely affect our sales on a regional or global basis. A decrease in customer traffic as a result of these health concerns or negative publicity could materially and adversely affect our brands and our business.

We may not be able to enforce payment of fees under certain of our franchise arrangements.

In certain limited instances, a franchisee may be operating a restaurant pursuant to an unwritten franchise arrangement. Such circumstances may arise where a franchisee arrangement has expired and new or renewal agreements have yet to be executed or where the franchisee has developed and opened a restaurant but has failed to memorialize the franchisor-franchisee relationship in an executed agreement as of the opening date of such restaurant. In certain other limited instances, we may allow a franchisee in good standing to operate domestically pursuant to franchise arrangements which have expired in their normal course and have not yet been renewed. As of December 31, 2011, approximately 1% of our stores were operating without a written agreement. There is a risk that either category of these franchise arrangements may not be enforceable under federal, state and local laws and regulations prior to correction or if left uncorrected. In these instances, the franchise arrangements may be enforceable on the basis of custom and assent of performance. If the franchisee, however, were to neglect to remit royalty payments in a timely fashion, we may be unable to enforce the payment of such fees which, in turn, may materially and adversely affect our business and operating results. While we generally require franchise arrangements in foreign jurisdictions to be entered into pursuant to written franchise arrangements, subject to certain exceptions, some expired contracts, letters of intent or oral agreements in existence may not be enforceable under local laws, which could impair our ability to collect royalty income, which in turn may materially and adversely impact our business and operating results.

Our business activities subject us to litigation risk that could affect us adversely by subjecting us to significant money damages and other remedies or by increasing our litigation expense.

In the ordinary course of business, we are the subject of complaints or litigation from franchisees, usually related to alleged breaches of contract or wrongful termination under the franchise arrangements. In addition, we are, from time to time, the subject of complaints or litigation from customers alleging illness, injury or other food-quality, health or operational concerns and from suppliers alleging breach of contract. We may also be subject to employee claims based on, among other things, discrimination, harassment or wrongful termination. Finally, litigation against a franchisee or its affiliates by third parties, whether in the ordinary course of business or otherwise, may include claims against us by virtue of our relationship with the defendant-franchisee. In addition to decreasing the ability of a defendant-franchisee to make royalty payments and diverting our management resources, adverse publicity resulting from such allegations may materially and adversely affect us and our brands, regardless of whether such allegations are valid or whether we are liable. Our international operations may be subject to additional risks related to litigation, including difficulties in enforcement of contractual obligations governed by foreign law due to differing interpretations of rights and obligations, compliance with multiple and potentially conflicting laws, new and potentially untested laws and judicial systems and reduced or diminished protection of intellectual property. A substantial unsatisfied judgment against us or one of our subsidiaries could result in bankruptcy, which would materially and adversely affect our business and operating results.

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Our business is subject to various laws and regulations and changes in such laws and regulations, and/or failure to comply with existing or future laws and regulations, could adversely affect us.

We are subject to state franchise registration requirements, the rules and regulations of the Federal Trade Commission (the "FTC"), various state laws regulating the offer and sale of franchises in the U.S. through the provision of franchise disclosure documents containing certain mandatory disclosures and certain rules and requirements regulating franchising arrangements in foreign countries. Although we believe that the Franchisors' Franchise Disclosure Documents, together with any applicable state-specific versions or supplements, and franchising procedures that we use comply in all material respects with both the FTC guidelines and all applicable state laws regulating franchising in those states in which we offer new franchise arrangements, noncompliance could reduce anticipated royalty income, which in turn may materially and adversely affect our business and operating results.

Our franchisees are subject to various existing U.S. federal, state, local and foreign laws affecting the operation of the restaurants including various health, sanitation, fire and safety standards. Franchisees may in the future become subject to regulation (or further regulation) seeking to tax or regulate high-fat foods or requiring the display of detailed nutrition information, which would be costly to comply with and could result in reduced demand for our products. In connection with the continued operation or remodeling of certain restaurants, the franchisees may be required to expend funds to meet U.S. federal, state and local and foreign regulations. Difficulties in obtaining, or the failure to obtain, required licenses or approvals could delay or prevent the opening of a new restaurant in a particular area or cause an existing restaurant to cease operations. All of these situations would decrease sales of an affected restaurant and reduce royalty payments to us with respect to such restaurant.

The franchisees are also subject to the Fair Labor Standards Act of 1938, as amended, and various other laws in the U.S. and in foreign countries governing such matters as minimum-wage requirements, overtime and other working conditions and citizenship requirements. A significant number of our franchisees' food-service employees are paid at rates related to the U.S. federal minimum wage, and past increases in the U.S. federal minimum wage have increased labor costs, as would future increases. Any increases in labor costs might result in franchisees inadequately staffing restaurants. Understaffed restaurants could reduce sales at such restaurants, decrease royalty payments and adversely affect our brands.

Our and our franchisees' operations and properties are subject to extensive U.S. federal, state and local laws and regulations, including those relating to environmental, building and zoning requirements. Our development of properties for leasing or subleasing to franchisees depends to a significant extent on the selection and acquisition of suitable sites, which are subject to zoning, land use, environmental, traffic and other regulations and requirements. Failure to comply with legal requirements could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability. We may incur investigation, remediation or other costs related to releases of hazardous materials or other environmental conditions at our properties, regardless of whether such environmental conditions were created by us or a third party, such as a prior owner or tenant. We have incurred costs to address soil and groundwater contamination at some sites, and continue to incur nominal remediation costs at some of our other locations. If such issues become more expensive to address, or if new issues arise, they could increase our expenses, generate negative publicity, or otherwise adversely affect us.

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Our tax returns and positions are subject to review and audit by foreign, federal, state and local taxing authorities, and adverse outcomes resulting from examination of our income or other tax returns could adversely affect our operating results and financial condition.

We are subject to income taxes in both the United States and numerous foreign jurisdictions. The federal income tax returns of the Company for fiscal years 2006 through 2009 are currently under audit by the Internal Revenue Service (IRS), and the IRS has proposed adjustments for fiscal years 2006 and 2007 to increase our taxable income as it relates to our gift card program, specifically to record taxable income upon the activation of gift cards. We have filed a protest to the IRS 's proposed adjustments. (See Note 15 of the notes to our audited consolidated financial statements included herein.) As described in Note 15 of the notes to our audited consolidated financial statements included herein, if the IRS were to prevail in this matter the proposed adjustments would result in additional taxable income of approximately \$58.9 million for fiscal years 2006 and 2007 and approximately \$26.8 million of additional federal and state taxes and interest owed, net of federal and state benefits. If the IRS prevails, a cash payment would be required, and the additional taxable income would represent temporary differences that will be deductible in future years. Therefore, the potential tax expense attributable to the IRS adjustments for fiscal years 2006 and 2007 would be limited to \$3.1 million, consisting of federal and state interest, net of federal and state benefits. In addition, if the IRS were to prevail in respect of fiscal years 2006 and 2007 it is likely to make similar claims for years subsequent to fiscal year 2007 and the potential additional federal and state taxes and interest owed, net of federal and state benefits, for fiscal years 2008 through 2010, computed on a similar basis to the IRS method used for fiscal years 2006 and 2007, and factoring in the timing of our gift card uses and activations, would be approximately \$19.7 million. The corresponding potential tax expense impact attributable to these later fiscal years, 2008 through 2010, would be approximately \$0.8 million. During the fourth quarter of 2011, representatives of the Company met with the IRS appeals officer. Based on that meeting, the Company proposed a settlement related to this issue and is awaiting a response from the IRS. If our settlement proposal is accepted as presented, we expect to make a cash tax payment in an amount that is less than the amounts proposed by the IRS to cumulatively adjust our tax method of accounting for our gift card program through the fiscal year ended December 25, 2010. No assurance can be made that a settlement can be reached, or that we will otherwise prevail in the final resolution of this matter. An unfavorable outcome from any tax audit could result in higher tax costs, penalties and interest, thereby negatively and adversely impacting our financial condition, results of operations, or cash flows.

We are subject to a variety of additional risks associated with our franchisees.

Our franchise system subjects us to a number of risks, any one of which may impact our ability to collect royalty payments from our franchisees, may harm the goodwill associated with our brands, and/or may materially and adversely impact our business and results of operations.

Bankruptcy of U.S. Franchisees. A franchisee bankruptcy could have a substantial negative impact on our ability to collect payments due under such franchisee 's franchise arrangements and, to the extent such franchisee is a lessee pursuant to a franchisee lease/sublease with us, payments due under such franchisee lease/sublease. In a franchisee bankruptcy, the bankruptcy trustee may reject its franchise arrangements and/or franchisee lease/sublease pursuant to Section 365 under the United States bankruptcy code, in which case there would be no further royalty payments and/or franchisee lease/sublease payments from such franchisee, and there can be no assurance as to the proceeds, if any, that may ultimately be recovered in a bankruptcy proceeding of such franchisee in connection with a damage claim resulting from such rejection.

Franchisee Changes in Control. The franchise arrangements prohibit changes in control of a franchisee without our consent as the franchisor, except in the event of the death or disability of a franchisee (if a natural person) or a principal of a franchisee entity. In such event, the executors and representatives of the franchisee are

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required to transfer the relevant franchise arrangements to a successor franchisee approved by the franchisor. There can be, however, no assurance that any such successor would be found or, if found, would be able to perform the former franchisee's obligations under such franchise arrangements or successfully operate the restaurant. If a successor franchisee is not found, or if the successor franchisee that is found is not as successful in operating the restaurant as the then-deceased or disabled franchisee or franchisee principal, the sales of the restaurant could be adversely affected.

Franchisee Insurance. The franchise arrangements require each franchisee to maintain certain insurance types and levels. Certain extraordinary hazards, however, may not be covered, and insurance may not be available (or may be available only at prohibitively expensive rates) with respect to many other risks. Moreover, any loss incurred could exceed policy limits and policy payments made to franchisees may not be made on a timely basis. Any such loss or delay in payment could have a material and adverse effect on a franchisee's ability to satisfy its obligations under its franchise arrangement, including its ability to make royalty payments.

Some of Our Franchisees are Operating Entities. Franchisees may be natural persons or legal entities. Our franchisees that are operating companies (as opposed to limited purpose entities) are subject to business, credit, financial and other risks, which may be unrelated to the operations of the restaurants. These unrelated risks could materially and adversely affect a franchisee that is an operating company and its ability to make its royalty payments in full or on a timely basis, which in turn may materially and adversely affect our business and operating results.

Franchise Arrangement Termination; Nonrenewal. Each franchise arrangement is subject to termination by us as the franchisor in the event of a default, generally after expiration of applicable cure periods, although under certain circumstances a franchise arrangement may be terminated by us upon notice without an opportunity to cure. The default provisions under the franchise arrangements are drafted broadly and include, among other things, any failure to meet operating standards and actions that may threaten our licensed intellectual property.

In addition, each franchise agreement has an expiration date. Upon the expiration of the franchise arrangement, we or the franchisee may, or may not, elect to renew the franchise arrangements. If the franchise arrangement is renewed, the franchisee will receive a successor franchise arrangement for an additional term. Such option, however, is contingent on the franchisee's execution of the then-current form of franchise arrangements (which may include increased royalty payments, advertising fees and other costs), the satisfaction of certain conditions (including modernization of the restaurant and related operations) and the payment of a renewal fee. If a franchisee is unable or unwilling to satisfy any of the foregoing conditions, the expiring franchise arrangements will terminate upon expiration of the term of the franchise arrangements.

Product Liability Exposure. We require franchisees to maintain general liability insurance coverage to protect against the risk of product liability and other risks and demand strict franchisee compliance with health and safety regulations. However, franchisees may receive through the supply chain (from central manufacturing locations (CMLs), NDPC or otherwise), or produce defective food or beverage products, which may adversely impact our brands' goodwill.

Americans with Disabilities Act. Restaurants located in the U.S. must comply with Title III of the Americans with Disabilities Act of 1990, as amended (the ADA). Although we believe newer restaurants meet the ADA construction standards and, further, that franchisees have historically been diligent in the remodeling of older restaurants, a finding of noncompliance with the ADA could result in the imposition of injunctive relief, fines, an award of damages to private litigants or additional capital expenditures to remedy such noncompliance. Any imposition of injunctive relief, fines, damage awards or capital expenditures could adversely affect the ability of a franchisee to make royalty payments, or could generate negative publicity, or otherwise adversely affect us.

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Franchisee Litigation. Franchisees are subject to a variety of litigation risks, including, but not limited to, customer claims, personal-injury claims, environmental claims, employee allegations of improper termination and discrimination, claims related to violations of the ADA, religious freedom, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, as amended (ERISA) and intellectual-property claims. Each of these claims may increase costs and limit the funds available to make royalty payments and reduce the execution of new franchise arrangements.

Potential Conflicts with Franchisee Organizations. Although we believe our relationship with our franchisees is open and strong, the nature of the franchisor-franchisee relationship can give rise to conflict. In the U.S., our approach is collaborative in that we have established district advisory councils, regional advisory councils and a national brand advisory council for each of the Dunkin' Donuts brand and the Baskin-Robbins brand. The councils are comprised of franchisees, brand employees and executives, and they meet to discuss the strengths, weaknesses, challenges and opportunities facing the brands as well as the rollout of new products and projects. Internationally, our operations are primarily conducted through joint ventures with local licensees, so our relationships are conducted directly with our licensees rather than separate advisory committees. No material disputes exist in the U.S. or internationally at this time.

Failure to retain our existing senior management team or the inability to attract and retain new qualified personnel could hurt our business and inhibit our ability to operate and grow successfully.

Our success will continue to depend to a significant extent on our executive management team and the ability of other key management personnel to replace executives who retire or resign. We may not be able to retain our executive officers and key personnel or attract additional qualified management personnel to replace executives who retire or resign. Failure to retain our leadership team and attract and retain other important personnel could lead to ineffective management and operations, which could materially and adversely affect our business and operating results.

If we or our franchisees or licensees are unable to protect our customers' credit card data, we or our franchisees could be exposed to data loss, litigation, and liability, and our reputation could be significantly harmed.

Privacy protection is increasingly demanding and the introduction of electronic payment methods exposes us and our franchisees to increased risk of privacy and/or security breaches as well as other risks. In connection with credit card sales, our franchisees (and we from our company-operated restaurants) transmit confidential credit card information by way of secure private retail networks. Although we use private networks, third parties may have the technology or know-how to breach the security of the customer information transmitted in connection with credit card sales, and our franchisees' and our security measures and those of our technology vendors may not effectively prohibit others from obtaining improper access to this information. If a person is able to circumvent these security measures, he or she could destroy or steal valuable information or disrupt our operations. Any security breach could expose us to risks of data loss, litigation, liability, and could seriously disrupt our operations. Any resulting negative publicity could significantly harm our reputation and could materially and adversely affect our business and operating results.

Catastrophic events may disrupt our business.

Unforeseen events, including war, terrorism and other international, regional or local instability or conflicts (including labor issues), embargos, public health issues (including tainted food, food-borne illnesses, food tampering, or water supply or widespread/pandemic illness such as the avian or H1N1 flu), and natural disasters such as earthquakes, tsunamis, hurricanes, or other adverse weather and climate conditions, whether occurring in the U.S. or abroad, could disrupt our operations or that of our franchisees, or suppliers; or result in political

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or economic instability. For example, the March 2011 earthquake and tsunami in Japan resulted in the temporary closing of a number of Baskin-Robbins restaurants, two of which remained closed as of December 31, 2011. These events could reduce traffic in our restaurants and demand for our products; make it difficult or impossible for our franchisees to receive products from their suppliers; disrupt or prevent our ability to perform functions at the corporate level; and/or otherwise impede our or our franchisees' ability to continue business operations in a continuous manner consistent with the level and extent of business activities prior to the occurrence of the unexpected event or events, which in turn may materially and adversely impact our business and operating results.

Risks related to this offering and our common stock

We are subject to certain phase-in provisions of the NASDAQ Marketplace Rules and, as a result, we will not immediately be subject to certain corporate governance requirements.

After completion of this offering, the Sponsors will no longer control a majority of the voting power of our outstanding common stock. As a result, we will no longer be a controlled company within the meaning of the corporate governance standards of The NASDAQ Global Select Market. However, we will be entitled to rely on phase-in provisions for certain corporate governance requirements, including:

the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors;

the requirement that we have a compensation committee that is composed entirely of independent directors; and

the requirement that we have a majority of independent directors on our board of directors.

Following this offering, we intend to utilize these phase-in provisions. As a result, our compensation committee does not, and upon the completion of this offering, our nominating and corporate governance committee will not, consist entirely of independent directors. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of The NASDAQ Global Select Market for up to the expiration of the phase-in period one year from the completion of this offering.

Our stock price could be extremely volatile and, as a result, you may not be able to resell your shares at or above the price you paid for them.

Since our initial public offering in July 2011, the price of our common stock, as reported by NASDAQ, has ranged from a low of \$23.24 on December 15, 2011 to a high of \$32.44 on March 14, 2012. In addition, the stock market in general has been highly volatile. As a result, the market price of our common stock is likely to be similarly volatile, and investors in our common stock may experience a decrease, which could be substantial, in the value of their stock, including decreases unrelated to our operating performance or prospects, and could lose part or all of their investment. The price of our common stock could be subject to wide fluctuations in response to a number of factors, including those described elsewhere in this prospectus and others such as:

variations in our operating performance and the performance of our competitors;

actual or anticipated fluctuations in our quarterly or annual operating results;

publication of research reports by securities analysts about us or our competitors or our industry;

our failure or the failure of our competitors to meet analysts' projections or guidance that we or our competitors may give to the market;

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additions and departures of key personnel;

strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;

the passage of legislation or other regulatory developments affecting us or our industry;

speculation in the press or investment community;

changes in accounting principles;

terrorist acts, acts of war or periods of widespread civil unrest;

natural disasters and other calamities; and

changes in general market and economic conditions.

As we operate in a single industry, we are especially vulnerable to these factors to the extent that they affect our industry or our products, or to a lesser extent our markets. In the past, securities class action litigation has often been initiated against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management's attention and resources, and could also require us to make substantial payments to satisfy judgments or to settle litigation.

Your percentage ownership in us may be diluted by future issuances of capital stock, which could reduce your influence over matters on which stockholders vote.

Pursuant to the terms of our amended and restated charter and bylaws, our board of directors has the authority, without action or vote of our stockholders, to issue all or any part of our authorized but unissued shares of common stock, including shares issuable upon the exercise of options, or shares of our authorized but unissued preferred stock. Issuances of common stock or voting preferred stock would reduce your influence over matters on which our stockholders vote, and, in the case of issuances of preferred stock, would likely result in your interest in us being subject to the prior rights of holders of that preferred stock.

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

As of March 9, 2012, there were 120,280,012 shares of common stock outstanding. Following completion of this offering, approximately 33.8% of our outstanding common stock (or approximately 30.5% if the underwriters exercise in full their option to purchase additional shares from certain of the selling stockholders) will be held by investment funds affiliated with the Sponsors.

Each of our directors (including our chief executive officer), our chief financial officer and certain significant equity holders (including affiliates of the Sponsors) have entered into a lock-up agreement with J.P. Morgan Securities LLC, Barclays Capital Inc. and Morgan Stanley & Co. LLC on behalf of the underwriters which regulates their sales of our common stock for a period of 90 days after the date of this prospectus, subject to certain exceptions and automatic extensions in certain circumstances. Such lock-up agreements cover, in the aggregate, 41,906,258 outstanding shares of our common stock and vested options to purchase an additional 824,674 shares of our common stock.

Sales of substantial amounts of our common stock in the public market after this offering, or the perception that such sales will occur, could adversely affect the market price of our common stock and make it difficult for us to raise funds through securities offerings in the future. The shares sold in this offering are eligible for immediate sale in the public market without restriction by persons other than our affiliates.

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Beginning 90 days after this offering, subject to certain exceptions and automatic extensions in certain circumstances, holders of shares of our common stock may require us to register their shares for resale under the federal securities laws, and holders of additional shares of our common stock would be entitled to have their shares included in any such registration statement, all subject to reduction upon the request of the underwriter of the offering, if any. See [Related party transactions](#) [Arrangements with our investors](#). Registration of those shares would allow the holders to immediately resell their shares in the public market. Any such sales or anticipation thereof could cause the market price of our common stock to decline.

In addition, we have registered shares of common stock that are reserved for issuance under our 2011 Omnibus Long-Term Incentive Plan.

Provisions in our charter documents and Delaware law may deter takeover efforts that you feel would be beneficial to stockholder value.

In addition to the Sponsors' beneficial ownership of a substantial percentage of our common stock, our certificate of incorporation and bylaws and Delaware law contain provisions which could make it harder for a third party to acquire us, even if doing so might be beneficial to our stockholders. These provisions include a classified board of directors and limitations on actions by our stockholders. In addition, our board of directors has the right to issue preferred stock without stockholder approval that could be used to dilute a potential hostile acquirer. Our certificate of incorporation also imposes some restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding common stock other than the Sponsors. As a result, you may lose your ability to sell your stock for a price in excess of the prevailing market price due to these protective measures and efforts by stockholders to change the direction or management of the company may be unsuccessful. See [Description of capital stock](#).

If you purchase shares in this offering, you will suffer immediate and substantial dilution.

If you purchase shares of our common stock in this offering, you will incur immediate and substantial dilution in the pro forma net tangible book value of your stock of \$(43.30) per share as of December 31, 2011, because the price that you pay will be substantially greater than the net tangible book value per share of the shares you acquire. You will experience additional dilution upon the exercise of options and warrants to purchase our common stock, including those options currently outstanding and those granted in the future, and the issuance of restricted stock or other equity awards under our stock incentive plans. To the extent we raise additional capital by issuing equity securities, our stockholders will experience substantial additional dilution.

Because certain of our officers and directors hold restricted stock or option awards that will vest upon a change of control if the Sponsors achieve certain minimum rates of return on their initial investment in us, these individuals may have interests in us that conflict with yours.

As of December 31, 2011, certain of our officers and directors hold, in the aggregate, 580,214 shares of restricted stock and options to purchase 2,693,274 shares that are subject to vesting upon a change in control if the Sponsors achieve certain minimum rates of return on their initial investment in us. See [Management](#) [Potential payments upon termination or change in control](#) [Change in control](#) for additional information regarding the required minimum rate of return. As a result, these officers and directors may view certain change of control transactions more favorably than an investor in this offering due to the vesting opportunities available to them and, as a result, may have an economic incentive to support a transaction that you may not believe to be favorable to stockholders who purchased shares in this offering.

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Because the Sponsors will continue to own a significant portion of our outstanding common stock, if they act collectively, the influence of our public shareholders over significant corporate actions may be limited, and conflicts of interest between the Sponsors and us or you could arise in the future.

Upon the completion of this offering, the Sponsors will beneficially own approximately 33.8% of our common stock (approximately 30.5% if the underwriters exercise in full their option to purchase additional shares from the selling stockholders). As a result, if such Sponsors act collectively, they could exercise substantial influence over the composition of our board of directors and the vote of our common stock. If this were to occur, the Sponsors could have a significant amount of control over our decisions to enter into any corporate transaction and could make it very difficult for us to enter into any transaction that requires the approval of our stockholders even if other equity holders believe that any such transactions are in their own best interests. If the Sponsors act collectively, they could also exercise substantial control over our decision to make acquisitions that increase our indebtedness or sell revenue-generating assets. Additionally, the Sponsors are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. One or more of the Sponsors may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. So long as the Sponsors continue to own a significant amount of our equity, if they exercise their shareholder rights collectively, they would be able to significantly influence our decisions.

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Cautionary note regarding forward-looking statements

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

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, those described in the Risk factors section of this prospectus, which include, but are not limited to, the following:

the ongoing level of profitability of our franchisees and licensees;

changes in working relationships with our franchisees and licensees and the actions of our franchisees and licensees;

our master franchisees' relationships with sub-franchisees;

the strength of our brand in the markets in which we compete;

changes in competition within the quick service restaurant segment of the food service industry;

changes in consumer behavior resulting from changes in technologies or alternative methods of delivery;

economic and political conditions in the countries where we operate;

our substantial indebtedness;

our ability to protect our intellectual property rights;

consumer preferences, spending patterns and demographic trends;

the success of our growth strategy and international development;

changes in commodity and food prices, particularly coffee, dairy products and sugar, and other operating costs;

shortages of coffee;

failure of our network and information technology systems;

interruptions or shortages in the supply of products to our franchisees and licensees;

inability to recover our capital costs;

changes in political, legal, economic or other factors in international markets;

termination of master franchisee agreements or contracts with the U.S. military;

currency exchange rates;

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the impact of food borne-illness or food safety issues or adverse public or medical opinions regarding the health effects of consuming our products;

our ability to collect royalty payments from our franchisees and licensees;

uncertainties relating to litigation;

changes in regulatory requirements or our and our franchisees and licensees ability to comply with current or future regulatory requirements;

review and audit of certain of our tax returns;

the ability of our franchisees and licensees to open new restaurants and keep existing restaurants in operation;

our ability to retain key personnel;

our inability to protect customer credit card data; and

catastrophic events.

Those factors should not be construed as exhaustive and should be read with the other cautionary statements in this prospectus.

Although we base these forward-looking statements on assumptions that we believe are reasonable when made, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this prospectus. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statement that we make in this prospectus speaks only as of the date of such statement, and we undertake no obligation to update any forward-looking statements or to publicly announce the results of any revisions to any of those statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

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Use of proceeds

We will not receive any proceeds from the sale of shares of our common stock by the selling stockholders.

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Table of Contents**Market price of our common stock**

Our common stock has been listed on The NASDAQ Global Select Market under the symbol `DNKN` since July 27, 2011. Prior to that time, there was no public market for our common stock. The following table sets forth for the periods indicated the high and low sale prices of our common stock on The NASDAQ Global Select Market.

Fiscal Quarter	High	Low
<i>2011</i>		
Third Quarter (13 weeks ended September 24, 2011)(1)	\$ 31.94	\$ 24.97
Fourth Quarter (14 weeks ended December 31, 2011)	\$ 29.93	\$ 23.24
<i>2012</i>		
First Quarter (through March 29, 2012)	\$ 32.44	\$ 24.35

(1) Represents period from July 27, 2011, the date of our initial public offering, through the end of the quarter.

A recent reported closing price for our common stock is set forth on the cover page of this prospectus. American Stock Transfer & Trust Company, LLC is the transfer agent and registrar for our common stock. On March 27, 2012, we had 204 holders of record of our common stock.

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Dividend policy

On December 3, 2010, we paid a cash dividend of \$500.0 million on the outstanding shares of our Class L common stock. On March 5, 2012, our board of directors determined that, subject to compliance with the covenants contained in our senior credit facility and other considerations, we would endeavor to pay dividends to holders of our common stock at regular intervals in the future. In furtherance of this dividend policy, we declared a cash dividend of \$0.15 per share on the outstanding shares of our common stock that was paid on March 28, 2012 to holders of record of our common stock on March 19, 2012.

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Table of Contents**Capitalization**

The following table sets forth our cash and cash equivalents and our consolidated capitalization as of December 31, 2011. This table should be read in conjunction with Use of proceeds, Selected consolidated financial and other data, Management's discussion and analysis of financial condition and results of operations and our consolidated financial statements and related notes appearing elsewhere in this prospectus.

	As of December 31, 2011
	(Dollars in thousands)
Cash and cash equivalents(1)	\$ 246,715
Long-term debt, including current portion; Revolving credit facility(2)	\$
Term loan facility	1,468,309
Capital leases	5,160
Total secured debt	1,473,469
Total long-term debt	1,473,469
Stockholders' equity (deficit) :	
Preferred stock, \$0.001 par value; 25,000,000 shares authorized and no shares issued and outstanding	
Common stock, \$0.001 par value; 475,000,000 shares authorized and 120,136,631 shares issued and outstanding	119
Additional paid-in capital	1,478,291
Accumulated deficit	(752,075)
Accumulated other comprehensive income	19,601
Total stockholders' equity	745,936
Total capitalization	\$ 2,219,405

(1) Includes an aggregate of \$123.1 million of cash held for advertising funds or reserved for gift card/certificate programs.

(2) Excludes \$11.2 million of undrawn letters of credit.

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Selected consolidated financial and other data

The following table sets forth our selected historical and unaudited pro forma consolidated financial and other data as of the dates and for the periods indicated. The selected historical financial data as of December 31, 2011 and December 25, 2010 and for each of the three years in the period ended December 31, 2011 presented in this table have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected historical financial data as of and for the fiscal years ended December 26, 2009, December 27, 2008 and December 29, 2007 have been derived from our audited consolidated financial statements for such years, which are not included in this prospectus. Historical results are not necessarily indicative of the results to be expected for future periods. The unaudited pro forma consolidated financial data for the fiscal year ended December 31, 2011 have been derived from our historical financial statements for such fiscal year, which are included elsewhere in this prospectus, after giving effect to the transactions specified under Unaudited pro forma consolidated statement of operations. The data in the following table related to adjusted operating income, adjusted net income, points of distribution, comparable store sales growth, franchisee-reported sales, company-owned store sales, and systemwide sales growth are unaudited for all periods presented. The data for fiscal year 2011 reflects the results of operations for a 53-week period. All other periods presented reflect the results of operations for 52-week periods.

This selected consolidated financial and other data should be read in conjunction with the disclosure set forth under Capitalization, Unaudited pro forma consolidated statement of operations, Management's discussion and analysis of financial condition and results of operations and the consolidated financial statements and the related notes thereto appearing elsewhere in this prospectus.

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	Fiscal Year				
	2011	2010	2009	2008	2007
(\$ in thousands, except per share data or as otherwise noted)					
Consolidated Statements of Operations Data:					
Franchise fees and royalty income	\$ 398,474	359,927	344,020	349,047	325,441
Rental income	92,145	91,102	93,651	97,886	98,860
Sales of ice cream products	100,068	84,989	75,256	71,445	63,777
Other revenues	37,511	41,117	25,146	26,551	28,857
Total revenues	628,198	577,135	538,073	544,929	516,935
Amortization of intangible assets	28,025	32,467	35,994	37,848	39,387
Impairment charges(1)	2,060	7,075	8,517	331,862	4,483
Other operating costs and expenses(2)	389,329	361,893	323,318	330,281	311,005
Total operating costs and expenses	419,414	401,435	367,829	699,991	354,875
Equity in net income (loss) of joint ventures(3)	(3,475)	17,825	14,301	14,169	12,439
Operating income (loss)	205,309	193,525	184,545	(140,893)	174,499
Interest expense, net	(104,449)	(112,532)	(115,019)	(115,944)	(111,677)
Gain (loss) on debt extinguishment and refinancing transactions	(34,222)	(61,955)	3,684		
Other gains (losses), net	175	408	1,066	(3,929)	3,462
Income (loss) from continuing operations before income taxes	66,813	19,446	74,276	(260,766)	66,284
Income (loss) from continuing operations	34,442	26,861	35,008	(269,898)	39,331
Net income (loss)(4)	\$ 34,442	26,861	35,008	(269,898)	34,699
Earnings (loss) per share:					
Class L basic and diluted	\$ 6.14	4.87	4.57	4.17	4.12
Common basic and diluted	\$ (1.41)	(2.04)	(1.69)	(8.95)	(1.48)
Pro Forma Consolidated Statement of Operations Data(5):					
Pro forma net income	\$ 88,030				
Pro forma earnings per share:					
Basic	\$ 0.74				
Diluted	\$ 0.73				
Pro forma weighted average shares outstanding:					
Basic	119,382,200				
Diluted	120,446,787				
Consolidated Balance Sheet Data:					
Total cash, cash equivalents, and restricted cash(6)	\$ 246,984	134,504	171,403	251,368	147,968
Total assets	3,224,018	3,147,288	3,224,717	3,341,649	3,608,753
Total debt(7)	1,473,469	1,864,881	1,451,757	1,668,410	1,603,561
Total liabilities	2,478,082	2,841,047	2,454,109	2,614,327	2,606,011
Common stock, Class L(8)		840,582	1,232,001	1,127,863	1,033,450
Total stockholders' equity (deficit)(8)	745,936	(534,341)	(461,393)	(400,541)	(30,708)
Other Financial Data:					
Capital expenditures	\$ 18,596	15,358	18,012	27,518	37,542
Adjusted operating income(9)	270,740	233,067	229,056	228,817	218,369
Adjusted net income(9)	101,744	87,759	59,504	69,719	61,021
Points of Distribution(10):					
Dunkin' Donuts U.S.	7,015	6,772	6,566	6,395	5,769
Dunkin' Donuts International	3,068	2,988	2,620	2,440	2,219
Baskin-Robbins U.S.	2,457	2,547	2,597	2,692	2,763
Baskin-Robbins International	4,254	3,886	3,610	3,321	3,111
Total distribution points	16,794	16,193	15,393	14,848	13,862

Comparable Store Sales Growth (U.S. Only)(11):						
Dunkin Donuts		5.1%	2.3%	(1.3)%	(0.8)%	1.3%
Baskin-Robbins		0.5%	(5.2)%	(6.0)%	(2.2)%	0.3%
Franchisee-Reported Sales (\$ in millions)(12):						
Dunkin Donuts U.S.	\$	5,919	5,403	5,174	5,004	4,792
Dunkin Donuts International		636	584	508	529	476
Baskin-Robbins U.S.		496	494	524	560	572
Baskin-Robbins International		1,292	1,158	970	800	723
Total Franchisee-Reported Sales	\$	8,343	7,639	7,176	6,893	6,563

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	2011	2010	Fiscal Year 2009	2008	2007
(\$ in thousands, except per share data or as otherwise noted)					
Company-Owned Store Sales (\$ in millions)(13):					
Dunkin' Donuts U.S.	\$ 12	17	2		
Baskin-Robbins U.S.	1				
Systemwide Sales Growth(14):					
Dunkin' Donuts U.S.	9.4%	4.7%	3.4%	4.4%	5.7%
Dunkin' Donuts International	9.1%	15.0%	(4.0)%	11.1%	8.5%
Baskin-Robbins U.S.	0.4%	(5.5)%	(6.4)%	(2.1)%	(1.3)%
Baskin-Robbins International	11.6%	19.4%	21.3%	10.7%	9.7%
Total Systemwide Sales Growth	9.1%	6.7%	4.1%	5.0%	5.6%

- (1) Fiscal year 2008 includes \$294.5 million of goodwill impairment charges related to Dunkin' Donuts U.S. and Baskin-Robbins International, as well as a \$34.0 million trade name impairment related to Baskin-Robbins U.S.
- (2) Includes fees paid to the Sponsors of \$16.4 million for fiscal year 2011 and \$3.0 million for each of the fiscal years 2010, 2009, 2008, and 2007 under a management agreement, which was terminated in connection with our IPO.
- (3) Fiscal year 2011 includes an impairment of the investment in the Korea joint venture of \$19.8 million, less a reduction in depreciation and amortization, net of tax, resulting from the impairment of the underlying intangible and long-lived assets of \$976,000. Amounts also include amortization expense, net of tax, related to intangible franchise rights established in purchase accounting of \$868,000, \$897,000, \$899,000, \$907,000 and \$1.8 million for fiscal years 2011, 2010, 2009, 2008, and 2007, respectively.
- (4) We completed the sale of our Togo's brand on November 30, 2007. Net income for fiscal year 2007 includes a loss from discontinued operations of \$4.6 million related to the Togo's operations and sale.
- (5) See Unaudited pro forma consolidated statement of operations.
- (6) Amounts as of December 26, 2009, December 27, 2008, and December 29, 2007 include cash held in restricted accounts pursuant to the terms of the securitization indebtedness. Following the redemption and discharge of the securitization indebtedness in fiscal year 2010, such amounts are no longer restricted. The amounts also include cash held as advertising funds or reserved for gift card/certificate programs. Our cash, cash equivalents, and restricted cash balance at December 27, 2008 increased primarily as a result of short-term borrowings.
- (7) Includes capital lease obligations of \$5.2 million, \$5.4 million, \$5.4 million, \$4.2 million, and \$3.6 million as of December 31, 2011, December 25, 2010, December 26, 2009, December 27, 2008, and December 29, 2007, respectively.
- (8) Prior to our IPO in fiscal year 2011, the Company had two classes of common stock, Class L and common. Class L common stock was classified outside of permanent equity at its preferential distribution amount, as the Class L stockholders controlled the timing and amount of distributions. Immediately prior to our IPO, each share of Class L common stock converted into 2.4338 shares of common stock, and the preferential distribution amount of Class L common stock at the date of conversion was reclassified into additional paid-in capital within permanent equity.
- (9) Adjusted operating income and adjusted net income are non-GAAP measures reflecting operating income and net income adjusted for amortization of intangible assets, impairment charges, Sponsor management agreement termination fee, and secondary offering costs, and, in the case of adjusted net income, loss on debt extinguishment and refinancing transactions, net of the tax impact of such adjustments. The Company uses adjusted operating income and adjusted net income as key performance measures for the purpose of evaluating performance internally. We also believe adjusted operating income and adjusted net income provide our investors with useful information regarding our historical operating results. These non-GAAP measurements are not intended to replace the presentation of our financial results in accordance with GAAP. Use of the terms adjusted operating income and adjusted net income may differ

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from similar measures reported by other companies. Adjusted operating income and adjusted net income are reconciled from operating income (loss) and net income (loss), respectively, determined under GAAP as follows:

	Fiscal Year				
	2011	2010	2009	2008	2007
	(Unaudited, \$ in thousands)				
Operating income (loss)	\$ 205,309	193,525	184,545	(140,893)	174,499
Adjustments:					
Sponsor termination fee	14,671				
Amortization of other intangible assets	28,025	32,467	35,994	37,848	39,387
Impairment charges	2,060	7,075	8,517	331,862	4,483
Korea joint venture impairment, net(i)	18,776				
Secondary offering costs	1,899				
Adjusted operating income	\$ 270,740	233,067	229,056	228,817	218,369
Net income (loss)	\$ 34,442	26,861	35,008	(269,898)	34,699
Adjustments:					
Sponsor termination fee	14,671				
Amortization of other intangible assets	28,025	32,467	35,994	37,848	39,387
Impairment charges	2,060	7,075	8,517	331,862	4,483
Korea joint venture impairment, net(i)	18,776				
Secondary offering costs	1,899				
Loss (gain) on debt extinguishment and refinancing transactions	34,222	61,955	(3,684)		
Tax impact of adjustments(ii)	(32,351)	(40,599)	(16,331)	(30,093)	(17,548)
Adjusted net income	\$ 101,744	87,759	59,504	69,719	61,021

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- (i) Amount consists of an impairment of the investment in the Korea joint venture of \$19.8 million, less a reduction in depreciation and amortization, net of tax, of \$976,000 resulting from the allocation of the impairment charge to the underlying intangible and long-lived assets of the joint venture.
 - (ii) Tax impact of adjustments calculated at a 40% effective tax rate for each period presented, excluding the Korea joint venture impairment in fiscal year 2011 as there was no tax impact related to that charge, and the goodwill impairment charge in fiscal year 2008, as the goodwill is not deductible for tax purposes.
- (10) Represents period end points of distribution.
- (11) Represents the growth in average weekly sales for franchisee- and company-owned restaurants that have been open at least 54 weeks that have reported sales in the current and comparable prior year week.
- (12) Franchisee-reported sales include sales at franchisee restaurants, including joint ventures.
- (13) Company-owned store sales include sales at restaurants owned and operated by Dunkin' Brands.
- (14) Systemwide sales growth represents the percentage change in sales at both franchisee- and company-owned restaurants from the comparable period of the prior year. Changes in systemwide sales are driven by changes in average comparable store sales and changes in the number of restaurants.

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Unaudited pro forma consolidated statement of operations

The following unaudited pro forma consolidated statement of operations of Dunkin' Brands Group, Inc. for the fiscal year ended December 31, 2011 is based on the historical consolidated statement of operations of Dunkin' Brands Group, Inc., which is included elsewhere in this prospectus. An unaudited pro forma consolidated balance sheet is not presented herein as all of the transactions noted below occurred prior to and are reflected in the audited consolidated balance sheet as of December 31, 2011 included elsewhere in this prospectus.

The unaudited pro forma consolidated statement of operations for the fiscal year ended December 31, 2011 gives effect to (a) adjustments to interest expense as a result of the February 2011 and May 2011 re-pricing transactions, and the repayment of the remaining outstanding amount of senior notes from the proceeds of our IPO and (b) the termination of our management agreement with the Sponsors in connection with our IPO, as if each had occurred on the first day of the first fiscal quarter of 2011.

The unaudited pro forma consolidated statement of operations is presented for informational purposes only and does not purport to represent what the actual results of operations of Dunkin' Brands Group, Inc. would have been if such transactions had been completed as of the dates or for the periods indicated above or that may be achieved as of any future date or for any future period. The unaudited pro forma consolidated statement of operations should be read in conjunction with the accompanying notes, Management's discussion and analysis of financial condition and results of operations, and the historical consolidated financial statements and accompanying notes of Dunkin' Brands Group, Inc., included elsewhere in this prospectus.

Table of Contents**Unaudited pro forma consolidated statement of operations****Fiscal Year Ended December 31, 2011****(In thousands, except share and per share amounts)**

	Historical As Reported Fiscal Year Ended December 31, 2011	Adjustments Related to the IPO	Pro Forma for the IPO Fiscal Year Ended December 31, 2011	Termination of Sponsor Management Agreement	Adjustments for Other Transactions Refinancing and Debt- Related Transactions	Pro Forma Fiscal Year Ended December 31, 2011
Revenues:						
Franchise fees and royalty income	\$ 398,474		398,474			398,474
Rental income	92,145		92,145			92,145
Sales of ice cream products	100,068		100,068			100,068
Other revenues	37,511		37,511			37,511
Total revenues	628,198		628,198			628,198
Operating costs and expenses:						
Occupancy expenses franchised restaurants	51,878		51,878			51,878
Cost of ice cream products	72,329		72,329			72,329
General and administrative expenses, net	240,625		240,625	(19,035)(3)		221,590
Depreciation	24,497		24,497			24,497
Amortization of other intangible assets	28,025		28,025			28,025
Impairment charges	2,060		2,060			2,060
Total operating costs and expenses	419,414		419,414	(19,035)		400,379
Equity in net income (loss) of joint ventures:						
Net income, excluding impairment	16,277		16,277			16,277
Impairment charge	(19,752)		(19,752)			(19,752)
Total equity in net loss of joint ventures	(3,475)		(3,475)			(3,475)
Operating income	205,309		205,309	19,035		224,344
Other income (expense):						
Interest income	623		623			623
Interest expense	(105,072)	25,372(1)	(79,700)		10,685(4)	(69,015)
Loss on debt extinguishment and refinancing transactions	(34,222)		(34,222)		34,222(5)	

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Other income, net	175		175			175
Total other expense	(138,496)	25,372	(113,124)		44,907	(68,217)
Income before income taxes	66,813	25,372	92,185	19,035	44,907	156,127
Provision for income taxes	32,371	10,149(2)	42,520	7,614(2)	17,963(2)	68,097
Net income	\$ 34,442	15,223	49,665	11,421	26,944	88,030
Pro forma earnings per share:						
Basic						\$ 0.74(6)
Diluted						\$ 0.73(6)
Pro forma weighted average common shares outstanding:						
Basic						119,382,200(6)
Diluted						120,446,787(6)

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- (1) To adjust interest expense to reflect the use of proceeds from the IPO to repay \$375.0 million of senior notes as of the first day of fiscal year 2011. The pro forma adjustments to historical interest expense are as follows:

Interest Expense:	Historical As Reported Fiscal Year Ended December 31, 2011	Adjustments Related to the IPO	Pro Forma for the IPO Fiscal Year Ended December 31, 2011
Senior notes	\$ 32,763	(24,623)(a)	8,140
Term loan borrowings	64,014		64,014
Revolving credit facility	901		901
Deferred financing fees and original issue discount	6,278	(749)(b)	5,529
Capital leases	481		481
Other	635		635
	\$ 105,072	(25,372)	79,700

- (a) Elimination of historical interest expense related to \$375.0 million of senior notes that was incurred during fiscal year 2011, as the proceeds from the IPO would be used to repay \$375.0 million of senior notes which accrued interest at an annual rate of 9.625% for approximately eight months during the fiscal year.
- (b) Reduce amortization of deferred financing costs and original issue discount to reflect the repayment of \$375.0 million of senior notes.
- (2) To reflect the tax effect of the pro forma adjustments at an estimated statutory tax rate of 40.0%.
- (3) To reflect a reduction of expenses as a result of the termination of the management agreement with the Sponsors. During fiscal year 2011, we incurred expenses of approximately \$1.7 million for management services through date of the IPO. Upon completion of the IPO, we incurred an expense of approximately \$14.7 million related to the termination of the Sponsor management agreement. Additionally, the Company recorded additional share-based compensation expense of approximately \$2.6 million upon completion of the IPO related to restricted shares granted to employees that were not eligible to vest until completion of an initial public offering or change of control, which has been excluded from the pro forma statement of operations.
- (4) The adjustments related to the refinancing and debt-related transactions reflect the impact on interest expense as if the additional term loan borrowings in February 2011 and May 2011 were used to fully repay the outstanding \$250.0 million of senior notes, after giving effect to the IPO, on the first day of fiscal year 2011, which would have resulted in \$1.5 billion of term loan borrowings outstanding as of the first day of fiscal year 2011. Pro forma adjustments were as follows:

Interest Expense:	Pro Forma for the IPO Fiscal Year Ended December 31, 2011	Refinancing and Debt-Related Transactions	Pro Forma Fiscal Year Ended December 31, 2011
Senior notes	\$ 8,140	(8,140)(a)	
Term loan borrowings	64,014	(2,423)(b)	61,591
Revolving credit facility	901	(95)(c)	806

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Deferred financing fees and original issue discount	5,529	(27)(d)	5,502
Capital leases	481		481
Other	635		635
	\$ 79,700	(10,685)	69,015

- (a) Elimination of historical interest expense on \$250.0 million of senior notes that was incurred during fiscal year 2011 after reflecting the pro forma reduction in the senior notes of \$375.0 million discussed in note 1. The remaining \$250.0 million senior notes balance would be repaid as part of the additional term loan borrowings in February and May 2011, if those transactions had occurred at the beginning of fiscal year 2011. The senior notes accrue interest at an annual rate of 9.625%.

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- (b) Decrease in interest expense on the term loan borrowings to reflect an initial term loan outstanding of \$1.5 billion at an annual rate of 4.00%, reduced by principal payments of \$3.75 million paid at the end of each calendar quarter and a voluntary principal payment of \$11.8 million paid in December 2011. The annual rate of 4.00%, which is the rate in effect as of December 31, 2011, is based on a 360-day year, resulting in a daily rate of 0.011%. Interest expense is calculated as follows:

Period	Principal Outstanding During Quarter	Daily Rate	Days Outstanding	Pro Forma Interest Expense
Q1 2011	\$ 1,500,000	0.011%	91	15,167
Q2 2011	1,496,250	0.011%	91	15,129
Q3 2011	1,492,500	0.011%	91	15,091
Q4 2011	1,488,750	0.011%	94	15,549
Q4 2011	1,473,250	0.011%	4	655
				61,591

- (c) Decrease in interest expense on the revolving credit facility which was driven by a decrease in the annual interest rate in May 2011 from 4.375% to 3.125%. Interest expense on the revolving credit facility is calculated based on approximately \$11.1 million utilized under the revolving credit facility for letters of credit at an annual rate of 3.125%, and a rate of 0.5% on the \$88.9 million unused portion of the revolving credit facility.
- (d) Decrease in amortization of deferred financing costs and original issue discount due to additional amortization related to the term loan borrowings of \$0.2 million, offset by the elimination of \$0.2 million of amortization related to the senior notes.
- (5) To eliminate the loss on debt extinguishment and refinancing transactions, as the repricing of the term loans and repayments of the senior notes that occurred during fiscal year 2011 would not have occurred if the IPO and related transactions had been consummated at the beginning of fiscal year 2011.
- (6) Gives effect to the assumed conversion of all outstanding shares of Class L common stock as if the initial public offering was completed at the beginning of fiscal year 2011. Class L common stock converted into approximately 2.4338 shares of common stock immediately prior to the IPO. Basic earnings per share is computed on the basis of the weighted average number of Class L and common shares that were outstanding during the period. Diluted earnings per share includes the dilutive effect of 1,064,587 common restricted shares and stock options, using the treasury stock method. There were no Class L common stock equivalents outstanding during fiscal year 2011. Shares sold in the IPO are included in the pro forma basic and diluted earnings per share calculations. The following table sets forth the computation of pro forma basic and diluted earnings per share:

	Basic	Diluted
Pro forma net income (in thousands)	\$ 88,030	\$ 88,030
Pro forma weighted average number of common shares:		
Weighted average number of Class L shares over period in which Class L shares were outstanding(a)	22,845,378	22,845,378
Adjustment to weight Class L shares over respective fiscal period(a)	(9,790,933)	(9,790,933)
Weighted average number of Class L shares over respective fiscal period	13,054,445	13,054,445
Class L conversion factor	2.4338	2.4338
Weighted average number of converted Class L shares	31,772,244	31,772,244
Weighted average number of common shares	74,835,697	75,900,284
Adjustment to reflect shares issued in IPO as outstanding for entire fiscal period	12,774,259	12,774,259

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Pro forma weighted average number of common shares	119,382,200	120,446,787
Pro forma earnings per common share	\$ 0.74	\$ 0.73

- (a) The weighted average number of Class L shares in the actual Class L earnings per share calculation for fiscal year 2011 represents the weighted average from the beginning of the fiscal year up through the date of conversion of the Class L shares into common shares. As such, the pro forma weighted average number of common shares includes an adjustment to the weighted average number of Class L shares outstanding to reflect the length of time the Class L shares were outstanding prior to conversion relative to the respective fiscal year. The converted Class L shares are already included in the weighted average number of common shares outstanding for the period after their conversion.

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Management's discussion and analysis of financial condition and results of operations

The following discussion of our financial condition and results of operations should be read in conjunction with the Selected historical consolidated financial data and the audited and unaudited historical consolidated financial statements and related notes. This discussion contains forward-looking statements about our markets, the demand for our products and services and our future results and involves numerous risks and uncertainties. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and generally contain words such as believes, expects, may, will, should, seeks, approximately, intends, plans, estimates, or anticipates or similar expressions. Our forward-looking statements are subject to risks and uncertainties, which may cause actual results to differ materially from those projected or implied by the forward-looking statement. Forward-looking statements are based on current expectations and assumptions and currently available data and are neither predictions nor guarantees of future events or performance. You should not place undue reliance on forward-looking statements, which speak only as of the date hereof. See Risk factors and Cautionary note regarding forward-looking statements for a discussion of factors that could cause our actual results to differ from those expressed or implied by forward-looking statements.

Introduction and overview

We are one of the world's leading franchisors of quick service restaurants (QSRs) serving hot and cold coffee and baked goods, as well as hard serve ice cream. We franchise restaurants under our Dunkin' Donuts and Baskin-Robbins brands. With 16,794 points of distribution in 58 countries, we believe that our portfolio has strong brand awareness in our key markets. QSR is a restaurant format characterized by counter or drive-thru ordering and limited or no table service. As of December 31, 2011, Dunkin' Donuts had 10,083 global points of distribution with restaurants in 36 U.S. states and the District of Columbia and in 31 foreign countries. Baskin-Robbins had 6,711 global points of distribution as of the same date, with restaurants in 44 U.S. states and the District of Columbia and in 48 foreign countries.

We are organized into four reporting segments: Dunkin' Donuts U.S., Dunkin' Donuts International, Baskin-Robbins U.S. and Baskin-Robbins International. We generate revenue from four primary sources: (i) royalty income and franchise fees associated with franchised restaurants, (ii) rental income from restaurant properties that we lease or sublease to franchisees, (iii) sales of ice cream products to franchisees in certain international markets and (iv) other income including fees for the licensing of our brands for products sold in non-franchised outlets, the licensing of the right to manufacture Baskin-Robbins ice cream sold to U.S. franchisees, refranchising gains, transfer fees from franchisees, revenue from our company-owned restaurants, and online training fees.

Approximately 63% of our revenue for fiscal year 2011 was derived from royalty income and franchise fees. Sales of ice cream products to Baskin-Robbins franchisees in certain international markets accounted for 16% of our revenue for fiscal year 2011. An additional 15% of our revenue for fiscal year 2011 was generated from rental income from franchisees that lease or sublease their properties from us. The balance of our revenue for fiscal year 2011 consisted of license fees on products sold in non-franchised outlets, license fees on sales of ice cream products to Baskin-Robbins franchisees in the U.S., refranchising gains, transfer fees from franchisees, revenue from our company-owned restaurants and online training fees.

Franchisees fund the vast majority of the cost of new restaurant development. As a result, we are able to grow our system with lower capital requirements than many of our competitors. With only 31 company-owned points of distribution as of December 31, 2011, we are less affected by store-level costs and profitability and fluctuations in commodity costs than other QSR operators.

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Our franchisees fund substantially all of the advertising that supports both brands. Those advertising funds also fund the cost of our marketing personnel. Royalty payments and advertising fund contributions typically are made on a weekly basis for restaurants in the U.S., which limits our working capital needs. For fiscal year 2011, franchisee contributions to the U.S. advertising funds were \$316.3 million.

We operate and report financial information on a 52- or 53-week year on a 13-week quarter (or 14-week fourth quarter, when applicable) basis with the fiscal year ending on the last Saturday in December and fiscal quarters ending on the 13th Saturday of each quarter (or 14th Saturday of the fourth quarter, when applicable). The data periods contained within fiscal years 2011, 2010 and 2009 reflect the results of operations for the 53-week, 52-week and 52-week periods ending on December 31, 2011, December 25, 2010 and December 26, 2009, respectively. Certain financial measures and other metrics have been presented with the impact of the additional week on the results for fiscal year 2011. The impact of the additional week in fiscal year 2011 reflects our estimate of the 53rd week on systemwide sales growth, revenues and expenses.

Critical accounting policies

Our significant accounting policies are more fully described under the heading "Summary of significant accounting policies" in Note 2 of the notes to the consolidated financial statements. However, we believe the accounting policies described below are particularly important to the portrayal and understanding of our financial position and results of operations and require application of significant judgment by our management. In applying these policies, management uses its judgment in making certain assumptions and estimates.

These judgments involve estimations of the effect of matters that are inherently uncertain and may have a significant impact on our quarterly and annual results of operations or financial condition. Changes in estimates and judgments could significantly affect our result of operations, financial condition and cash flow in future years. The following is a description of what we consider to be our most significant critical accounting policies.

Revenue recognition

Initial franchise fee revenue is recognized upon substantial completion of the services required of us as stated in the franchise agreement, which is generally upon opening of the respective restaurant. Fees collected in advance are deferred until earned. Royalty income is based on a percentage of franchisee gross sales and is recognized when earned, which occurs at the franchisees' point of sale. Renewal fees are recognized when a renewal agreement with a franchisee becomes effective. Rental income for base rentals is recorded on a straight-line basis over the lease term. Contingent rent is recognized as earned, and any amounts received from lessees in advance of achieving stipulated thresholds are deferred until such threshold is actually achieved. Revenue from the sale of ice cream is recognized when title and risk of loss transfers to the buyer, which is generally upon shipment. Licensing fees are recognized when earned, which is generally upon sale of the underlying products by the licensees. Retail store revenues at company-owned restaurants are recognized when payment is tendered at the point of sale, net of sales tax and other sales-related taxes. Gains on the refranchise or sale of a restaurant are recognized when the sale transaction closes, the franchisee has a minimum amount of the purchase price in at risk equity, and we are satisfied that the buyer can meet its financial obligations to us.

Allowances for franchise, license and lease receivables / guaranteed financing

We reserve all or a portion of a franchisee's receivable balance when deemed necessary based upon detailed review of such balances, and apply a pre-defined reserve percentage based on an aging criteria to other balances. We perform our reserve analysis during each fiscal quarter or when events or circumstances indicate

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that we may not collect the balance due. While we use the best information available in making our determination, the ultimate recovery of recorded receivables is also dependent upon future economic events and other conditions that may be beyond our control.

In limited instances, we issue guarantees to financial institutions so that our franchisees can obtain financing with terms of approximately five to ten years for various business purposes. We recognize a liability and offsetting asset for the fair value of such guarantees. The fair value of a guarantee is based on historical default rates of our total guaranteed loan pool. We monitor the financial condition of our franchisees and record provisions for estimated losses on guaranteed liabilities of our franchisees if we believe that our franchisees are unable to make their required payments. As of December 31, 2011, if all of our outstanding guarantees of franchisee financing obligations came due simultaneously, we would be liable for approximately \$6.9 million. As of December 31, 2011, the Company had recorded reserves for such guarantees of \$0.4 million. We generally have cross-default provisions with these franchisees that would put the franchisee in default of its franchise agreement in the event of non-payment under such loans. We believe these cross-default provisions significantly reduce the risk that we would not be able to recover the amount of required payments under these guarantees and, historically, we have not incurred significant losses under these guarantees due to defaults by our franchisees.

Impairment of goodwill and other intangible assets

Goodwill and trade names (indefinite lived intangibles) have been assigned to our reporting units, which are also our operating segments, for purposes of impairment testing. Our reporting units, which have indefinite lived intangible assets associated with them, are Dunkin' Donuts U.S., Dunkin' Donuts International, Baskin-Robbins U.S. and Baskin-Robbins International.

We evaluate the remaining useful life of our trade names to determine whether current events and circumstances continue to support an indefinite useful life. In addition, all of our indefinite lived intangible assets are tested for impairment annually. The trade name intangible asset impairment test consists of a comparison of the fair value of each trade name with its carrying value, with any excess of carrying value over fair value being recognized as an impairment loss. The fair value of trade names is estimated using the relief from royalty method, an income approach to valuation, which includes projecting future systemwide sales and other estimates. The goodwill impairment test consists of a comparison of each reporting unit's fair value to its carrying value. The fair value of a reporting unit is an estimate of the amount for which the unit as a whole could be sold in a current transaction between willing parties. If the carrying value of a reporting unit exceeds its fair value, goodwill is written down to its implied fair value. Fair value of a reporting unit is estimated based on a combination of comparative market multiples and discounted cash flow valuation approaches. Currently, we have selected the first day of our fiscal third quarter as the date on which to perform our annual impairment tests for all indefinite lived intangible assets. We also test for impairment whenever events or circumstances indicate that the fair value of such indefinite lived intangibles has been impaired. No impairment of indefinite lived intangible assets was recorded during fiscal years 2011, 2010 or 2009.

We have intangible assets other than goodwill and trade names that are amortized on a straight-line basis over their estimated useful lives or terms of their related agreements. Other intangible assets consist primarily of franchise and international license rights (franchise rights), ice cream manufacturing and territorial franchise agreement license rights (license rights) and operating lease interests acquired related to our prime leases and subleases (operating leases acquired). Franchise rights recorded in the consolidated balance sheets were valued using an excess earnings approach. The valuation of franchise rights was calculated using an estimation of future royalty income and related expenses associated with existing franchise contracts at the acquisition date. Our valuation included assumptions related to the projected attrition and renewal rates on those existing franchise arrangements being valued. License rights recorded in the consolidated balance sheets were valued

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based on an estimate of future revenues and costs related to the ongoing management of the contracts over the remaining useful lives. Favorable and unfavorable operating leases acquired were recorded on purchased leases based on differences between contractual rents under the respective lease agreements and prevailing market rents at the lease acquisition date. Favorable operating leases acquired are included as a component of other intangible assets in the consolidated balance sheets. Due to the high level of lease renewals made by our Dunkin' Donuts franchisees, all lease renewal options for the Dunkin' Donuts leases were included in the valuation of the favorable operating leases acquired. Amortization of franchise rights, license rights, and favorable operating leases acquired is recorded as amortization expense in the consolidated statements of operations and amortized over the respective franchise, license, and lease terms using the straight-line method. Unfavorable operating leases acquired related to our prime leases and subleases are recorded in the liability section of the consolidated balance sheets and are amortized into rental expense and rental income, respectively, over the base lease term of the respective leases using the straight-line method. Our amortizable intangible assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of the intangible asset may not be recoverable. An intangible asset that is deemed impaired is written down to its estimated fair value, which is based on discounted cash flow.

Common stock valuation

For all stock-based awards, we measure compensation cost at fair value on the date of grant and recognize compensation expense over the service period that the awards are expected to vest. Prior to our initial public offering, the key assumption in determining the fair value of stock-based awards on the date of grant is the fair value of the underlying common stock. From fiscal year 2008 through our initial public offering on July 26, 2011, we granted restricted shares and stock options to employees with a fair value of the underlying common stock as follows:

Grant date	Number of restricted shares	Number of executive options	Number of nonexecutive options	Fair value per common share
6/24/2008			69,615	5.44
7/1/2008	160,902			5.44
5/15/2009			14,908	1.92
2/23/2010		4,575,306		3.01
7/26/2010		169,658	19,702	5.02
8/6/2010		5,473	202,496	5.02
3/9/2011		637,040	21,891	7.31
7/26/2011	65,000	191,000	28,600	19.00

For the awards granted on July 26, 2011, the fair value per common share was determined based on the initial public offering price of the Company's common stock. For awards granted prior to July 26, 2011, the fair value of common stock underlying the Company's restricted shares and options was determined based on contemporaneous valuations performed by an independent third-party valuation specialist in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Practice Aid, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*. The valuation methodology utilized by the independent third-party valuation specialist was consistent for all valuations completed from 2006 through the first quarter of fiscal year 2011. Financial projections underlying the valuation were determined by management based on long-range projections that were prepared on at least an annual basis and reviewed with the board of directors. Due to the Company's two classes of common stock, Class L and common, the valuation approach was a two-step process in which the overall equity value of the Company was determined, and then allocated between the two classes of stock.

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Overall enterprise and equity values were estimated using a combination of both market and income approaches in order to corroborate the values derived under the different methods. The market-based approach was based on multiples of historical and projected earnings before interest, taxes, depreciation, and amortization (EBITDA) utilizing trading multiples of a selected peer group of quick service restaurant companies. The selected peer group was generally consistent in each valuation and included a consistent focus on three core peer comparables. The selected multiples from the peer group were then applied to the Company's historical and projected EBITDA to derive indicated values of the total enterprise. The income approach utilized the discounted cash flow method, which determined enterprise value based on the present value of estimated future net cash flows the business is expected to generate over a forecasted five-year period plus the present value of estimated cash flows beyond that period based on a level of growth in perpetuity. These cash flows were discounted to present value using a weighted average cost of capital (WACC), which reflects the time value of money and the appropriate degree of risks inherent in the business. Net debt as of the valuation date was then deducted from the total enterprise values determined under both the market and income approaches to determine the equity values. Once calculated, the market and income valuation approaches were then weighted to determine a single total equity value, with 60% of the weighting allocated to the market approach and 40% of the weighting allocated to the income approach. The weighting was consistent for all periods.

The total equity value at each valuation date was then allocated to common stock and Class L based on the probability weighted expected return method (the PWERM methodology), which involved a forward-looking analysis of possible future exit valuations based on a range of EBITDA multiples at various future exit dates, the estimation of future and present value under each outcome, and the application of a probability factor to each outcome. Returns to each class of stock as of each possible future exit date and under each EBITDA multiple scenario were calculated by (i) first allocating equity value to the Class L shares up to the amount of its preferential distribution amount at the assumed exit date and (ii) allocating any residual equity value to the common stock and Class L on a participating basis. The position of the common stock as the lowest security in the capital structure and only participating in returns after the Class L preferential distribution amount is satisfied results in greater volatility in the common stock fair value.

The significant assumptions underlying the common stock valuations at each grant date were as follows:

Grant Date(s)	Fair value per common share	Discounted cash flow			PWERM			Class L discount rate
		Market approach EBITDA multiple	Perpetuity growth rate	Discount rate (WACC)	Core EBITDA multiple	Weighted average years to exit	Common stock discount rate	
6/24/2008, 7/1/2008 .	\$ 5.44	10.0x-11.0x	3.5%	9.5%	10.5x	2.0	40.0%	12.0%
5/15/2009	\$ 1.92	10.0x	3.5%	10.4%	10.0x	2.5	45.0%	13.0%
2/23/2010	\$ 3.01	10.0x-10.5x	3.5%	9.8%	10.5x	2.3	42.5%	12.5%
7/26/2010, 8/6/2010	\$ 5.02	10.5x-11.0x	3.0%	10.2%	10.5x	2.0	42.5%	12.5%
3/9/2011	\$ 7.31	10.0x-11.0x	3.0%	10.6%	10.5x	1.6	32.5%	11.5%

A 0.5x change in the EBITDA multiples used under the market approach for the three most recent valuation dates listed in the table above would have resulted in a 5% to 9% change in the common stock value per share, while a 1.0x change in the EBITDA multiples would have resulted in a 10% to 16% change in the common stock value per share. A 50 basis point change in the perpetuity growth rate used in the discounted cash flow calculation under the income approach for the three most recent valuation dates listed in the table above would have resulted in a 3% to 7% change in the common stock value per share. A 100 basis point change in the

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discount rate used in the discounted cash flow calculation under the income approach for the three most recent valuation dates listed in the table above would have resulted in a 9% to 16% change in the common stock value per share.

From 2008 through the first fiscal quarter of 2011, the overall equity value of the Company trended consistent with overall stock market indices and companies within the restaurant industry. The Company's equity value declined towards the end of 2008 and into early 2009 driven by broad economic trends that impacted both internal financial results and projections, as well as overall market multiples and values. Since that time period, the overall equity markets partially recovered, and the Company's total equity value has tracked along with that recovery. The Company's common stock realized greater volatility over this period than the Company's overall equity value due to its placement within the capital structure, where the Class L shares are entitled to receive a 9% preferred return.

Income taxes

Our major tax jurisdictions are the U.S. and Canada. The majority of our legal entities were converted to limited liability companies (LLCs) on March 1, 2006 and a number of new LLCs were created on or about March 15, 2006. All of these LLCs are single member entities which are treated as disregarded entities and included as part of us in the consolidated federal income tax return. Dunkin' Brands Canada Ltd. (DBCL) files separate Canadian and provincial tax returns, and Dunkin' Brands (UK) Limited, Dunkin' Brands Australia Pty. Ltd (DBA) and Baskin-Robbins Australia Pty. Ltd (BRA) file separate tax returns in the United Kingdom and Australia, as applicable. The current income tax liabilities for DBCL, Dunkin' Brands (UK) Limited, DBA and BRA are calculated on a stand-alone basis. The current federal tax liability for each entity included in our consolidated federal income tax return is calculated on a stand-alone basis, including foreign taxes, for which a separate company foreign tax credit is calculated in lieu of a deduction for foreign withholding taxes paid. As a matter of course, we are regularly audited by federal, state, and foreign tax authorities.

Deferred tax assets and liabilities are recorded for the expected future tax consequences of items that have been included in our consolidated financial statements or tax returns. Deferred tax assets and liabilities are determined based on the differences between the financial statement carrying amounts of assets and liabilities and the respective tax bases of assets and liabilities using enacted tax rates that are expected to apply in years in which the temporary differences are expected to reverse. The effects of changes in tax rates on deferred tax assets and liabilities are recognized in the consolidated statements of operations in the year in which the law is enacted. Valuation allowances are provided when we do not believe it is more likely than not that we will realize the benefit of identified tax assets.

A tax position taken or expected to be taken in a tax return is recognized in the financial statements when it is more likely than not that the position would be sustained upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. Estimates of interest and penalties on unrecognized tax benefits are recorded in the provision for income taxes.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

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	2011	Fiscal year 2010	2009
Systemwide sales growth	9.1%	6.7%	4.1%
Comparable store sales growth (U.S. only):			
Dunkin' Donuts U.S.	5.1%	2.3%	(1.3)%
Baskin-Robbins U.S.	0.5%	(5.2)%	(6.0)%
Total revenues	628,198	577,135	\$ 538,073
Operating income	205,309	193,525	184,545
Adjusted operating income	270,740	233,067	229,056
Net income	34,442	26,861	35,008
Adjusted net income	101,744	87,759	59,504

Adjusted operating income and adjusted net income are non-GAAP measures reflecting operating income and net income adjusted for amortization of intangible assets, impairment charges, and Sponsor management agreement termination fee, and, in the case of adjusted net income, loss on debt extinguishment and refinancing transactions, net of the tax impact of such adjustments. The Company uses adjusted operating income and adjusted net income as key performance measures for the purpose of evaluating performance internally. We also believe adjusted operating income and adjusted net income provide our investors with useful information regarding our historical operating results. These non-GAAP measurements are not intended to replace the presentation of our financial results in accordance with GAAP. Use of the terms adjusted operating income and adjusted net income may differ from similar measures reported by other companies. Adjusted operating income and adjusted net income are reconciled from operating income and net income determined under GAAP as follows:

	2011	Fiscal year 2010	2009
Operating income	205,309	193,525	\$ 184,545
Adjustments:			
Sponsor termination fee	14,671		
Amortization of other intangible assets	28,025	32,467	35,994
Impairment charges	2,060	7,075	8,517
Korea joint venture impairment(1)	18,776		
Secondary offering costs	1,899		
Adjusted operating income	270,740	233,067	\$ 229,056
Net income	34,442	26,861	\$ 35,008
Adjustments:			
Sponsor termination fee	14,671		
Amortization of other intangible assets	28,025	32,467	35,994
Impairment charges	2,060	7,075	8,517
Korea joint venture impairment(1)	18,776		
Secondary offering costs	1,899		
Loss (gain) on debt extinguishment and refinancing transactions	34,222	61,955	(3,684)
Tax impact of adjustments(2)	(32,351)	(40,599)	(16,331)
Adjusted net income	101,744	87,759	\$ 59,504

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- (1) Amount consists of an impairment of the investment in the Korea joint venture of \$19.8 million, less a reduction in depreciation and amortization, net of tax, resulting from the impairment of the underlying intangible and long-lived assets of \$976,000.
- (2) Tax impact of adjustments calculated at a 40% effective tax rate for each period presented, excluding the Korea joint venture impairment in fiscal year 2011 as there was no tax impact related to that charge.

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Fiscal year 2011 compared to fiscal year 2010

Overall growth in systemwide sales of 9.1% for fiscal year 2011, or 7.4% on a 52-week basis, resulted from the following:

Dunkin' Donuts U.S. systemwide sales growth of 9.4%, which was the result of comparable store sales growth of 5.1% driven by both increased average ticket and transaction counts, net restaurant development of 243 restaurants in 2011, and approximately 190 basis points of growth attributable to the extra week in fiscal year 2011;

Dunkin' Donuts International systemwide sales growth of 9.1% as a result of sales increases in South Korea and Southeast Asia driven by net new restaurant development, comparable store sales growth, and favorable foreign exchange;

Baskin-Robbins U.S. systemwide sales growth of 0.4% resulting primarily from comparable store sales growth of 0.5% and the extra week in fiscal year 2011 contributing approximately 140 basis points of growth, offset by a slightly reduced restaurant base; and

Baskin-Robbins International systemwide sales growth of 11.6% resulting from increased sales in South Korea and Japan, which resulted from both sales growth and favorable foreign exchange, as well as in the Middle East, and approximately 190 basis points of growth attributable to the extra week in fiscal year 2011.

The increase in total revenues of \$51.1 million, or 8.8%, for fiscal year 2011 primarily resulted from increased franchise fees and royalty income of \$38.5 million, driven by the increase in Dunkin' Donuts U.S. systemwide sales, as well as a \$15.1 million increase in sales of ice cream products. Approximately \$8.0 million of the increase in total revenues was attributable to the extra week in fiscal year 2011, consisting primarily of additional royalty income and sales of ice cream products.

Operating income increased \$11.8 million, or 6.1%, for fiscal year 2011 driven by the increase in franchise fees and royalty income noted above, as well as a \$10.3 million reduction in depreciation, amortization, and impairment charges. Offsetting these increases in operating income was an increase in general and administrative expenses of \$17.0 million driven by a \$14.7 million expense related to the termination of the Sponsor management agreement upon the Company's initial public offering in 2011, as well as a \$21.3 million reduction in equity in net income of joint ventures driven by an impairment of the investment in the Korea joint venture.

Adjusted operating income increased \$37.7 million, or 16.2%, for fiscal year 2011 driven by the increase in franchise fees and royalty income.

Net income increased \$7.6 million, or 28.2%, for fiscal year 2011 as a result of the \$11.8 million increase in operating income, a \$27.7 million decrease in loss on debt extinguishment and refinancing transactions, and a \$7.8 million decrease in interest expense, offset by a \$39.8 million increase in income tax expense driven by increased profit before tax and benefits from state tax rate changes realized in the prior year.

Adjusted net income increased \$14.0 million, or 15.9%, for fiscal year 2011 resulting primarily from a \$37.7 million increase in adjusted operating income and a \$7.8 million decrease in interest expense, offset by a \$31.5 million increase in income tax expense.

Fiscal year 2010 compared to fiscal year 2009

Overall growth in systemwide sales of 6.7% for fiscal 2010 resulted from the following:

Dunkin' Donuts U.S. systemwide sales growth of 4.7%, which was the result of net restaurant development of 206 restaurants in 2010 and comparable store sales growth of 2.3% driven by both increased transaction counts and average ticket;

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Dunkin' Donuts International systemwide sales growth of 15.0%, which resulted from results in South Korea and Southeast Asia driven by a combination of new restaurant development and comparable store sales growth;

Baskin-Robbins U.S. systemwide sales decline of 5.5% resulting from a comparable store sales decline of 5.2% in addition to a slightly reduced restaurant base; and

Baskin-Robbins International systemwide sales growth of 19.4% as a result of increased sales in South Korea and Japan, which resulted from both strong sales growth and favorable foreign exchange, as well as the Middle East. The increase in total revenues of \$39.1 million, or 7.3%, for fiscal 2010 primarily resulted from increased franchise fees and royalty income of \$15.9 million, driven primarily by the increase in Dunkin' Donuts U.S. systemwide sales, as well as a \$16.0 million increase in other revenues resulting from additional company-owned restaurants held during the year.

Operating income increased \$9.0 million, or 4.9%, for fiscal 2010 driven by the increase in franchise fees and royalty income noted above, as well as a \$3.5 million increase in equity in net income of joint ventures and a \$6.5 million reduction in depreciation, amortization and impairment charges. Increases in general and administrative expenses, excluding cost of sales for company-owned restaurants, offset the additional revenues and joint venture income.

Adjusted operating income increased \$4.0 million, or 1.8%, for fiscal 2010 driven by the increases in franchise fees and royalty income and equity in net income of joint ventures, offset by increased general and administrative expenses, excluding cost of sales for company-owned restaurants.

Net income decreased \$8.1 million for fiscal 2010 driven by a \$62.0 million pre-tax loss on debt extinguishment, offset by a \$46.7 million decrease in tax expense due to reduced profit before tax, as well as a \$9.0 million increase in operating income.

Adjusted net income increased \$28.3 million, or 47.5%, for fiscal 2010 resulting primarily from a \$22.4 million decrease in the provision for income taxes, a \$4.0 million increase in adjusted operating income, and a \$2.6 million decrease in interest expense.

Earnings per share

Earnings and adjusted earnings per common share and pro forma common share were as follows:

	Fiscal year		
	2011	2010	2009
Earnings (loss) per share - basic and diluted:			
Class L	\$ 6.14	4.87	4.57
Common	(1.41)	(2.04)	(1.69)
Diluted earnings per pro forma common share	0.32	0.28	0.36
Diluted adjusted earnings per pro forma common share	0.94	0.90	0.61

On August 1, 2011, the Company completed an initial public offering in which 22,250,000 shares of common stock were sold at an initial public offering price of \$19.00 per share. Immediately prior to the offering, each share of the Company's Class L common stock converted into 2.4338 shares of common stock. The number of common shares used in the calculations of diluted earnings per pro forma common share and diluted adjusted earnings per pro forma common share for fiscal years 2011, 2010, and 2009 give effect to the conversion of all outstanding shares of Class L common stock at the conversion factor of 2.4338 common shares for each Class L share, as if the conversion was completed at the beginning of the respective fiscal year. The calculations of

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diluted earnings per pro forma common share and diluted adjusted earnings per pro forma common share also include the dilutive effect of common restricted shares and stock options, using the treasury stock method. Shares sold in the offering are included in the diluted earnings per pro forma common share and diluted adjusted earnings per pro forma common share calculations beginning on the date that such shares were actually issued. Diluted earnings per pro forma common share is calculated using net income in accordance with GAAP. Diluted adjusted earnings per pro forma common share is calculated using adjusted net income, as defined above.

Diluted earnings per pro forma common share and diluted adjusted earnings per pro forma common share are not presentations made in accordance with GAAP, and our use of the terms diluted earnings per pro forma common share and diluted adjusted earnings per pro forma common share may vary from similar measures reported by others in our industry due to the potential differences in the method of calculation. Diluted earnings per pro forma common share and diluted adjusted earnings per pro forma common share should not be considered as alternatives to earnings (loss) per share derived in accordance with GAAP. Diluted earnings per pro forma common share and diluted adjusted earnings per pro forma common share have important limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Because of these limitations, we rely primarily on our GAAP results. However, we believe that presenting diluted earnings per pro forma common share and diluted adjusted earnings per pro forma common share is appropriate to provide additional information to investors to compare our performance prior to and after the completion of our initial public offering and related conversion of Class L shares into common as well as to provide investors with useful information regarding our historical operating results. The following table sets forth the computation of diluted earnings per pro forma common share and diluted adjusted earnings per pro forma common share:

	2011	Fiscal year 2010	2009
Diluted earnings per pro forma common share:			
Net income (in thousands)	\$ 34,442	26,861	35,008
Pro forma weighted average number of common shares diluted:			
Weighted average number of Class L shares over period in which Class L shares were outstanding(1)	22,845,378	22,806,796	22,859,274
Adjustment to weight Class L shares over respective fiscal year(1)	(9,790,933)		
Weighted average number of Class L shares over fiscal year	13,054,445	22,806,796	22,859,274
Class L conversion factor	2.4338	2.4338	2.4338
Weighted average number of converted Class L shares	31,772,244	55,507,768	55,635,490
Weighted average number of common shares	74,835,697	41,295,866	41,096,393
Pro forma weighted average number of common shares basic	106,607,941	96,803,634	96,731,883
Incremental dilutive common shares(2)	1,064,587	275,844	656,949
Pro forma weighted average number of common shares diluted	107,672,528	97,079,478	97,388,832
Diluted earnings per pro forma common share	\$ 0.32	0.28	0.36
Diluted adjusted earnings per pro forma common share:			
Adjusted net income (in thousands)	\$ 101,744	87,759	59,504
Pro forma weighted average number of common shares diluted	107,672,528	97,079,478	97,388,832
Diluted adjusted earnings per pro forma common share	\$ 0.94	0.90	0.61

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- (1) The weighted average number of Class L shares in the actual Class L earnings per share calculation for fiscal year 2011 represents the weighted average from the beginning of the fiscal year up through the date of conversion of the Class L shares into common shares. As such, the pro forma weighted average number of common shares includes an adjustment to the weighted average number of Class L shares outstanding to reflect the length of time the Class L shares were outstanding prior to conversion relative to the respective fiscal year. The converted Class L shares are already included in the weighted average number of common shares outstanding for the period after their conversion.
- (2) Represents the dilutive effect of restricted shares and stock options, using the treasury stock method.

Results of operations**Fiscal year 2011 compared to fiscal year 2010***Consolidated results of operations*

	Fiscal year 2011	Fiscal year 2010	Increase (Decrease)	
			\$	%
(In thousands, except percentages)				
Franchise fees and royalty income	\$ 398,474	359,927	38,547	10.7%
Rental income	92,145	91,102	1,043	1.1%
Sales of ice cream products	100,068	84,989	15,079	17.7%
Other revenues	37,511	41,117	(3,606)	(8.8)%
Total revenues	\$ 628,198	577,135	51,063	8.8%

The increase in total revenues for fiscal year 2011 of \$51.1 million was driven by an increase in royalty income of \$30.7 million, or 9.2%, mainly as a result of Dunkin' Donuts U.S. systemwide sales growth, and a \$6.8 million increase in franchise renewal income. Sales of ice cream products also increased \$15.1 million, or 17.7%, driven by strong sales in the Middle East and Australia, a December 2010 price increase that was implemented to offset higher commodity costs, and an additional week of sales in fiscal year 2011. These increases in revenue were offset by a decrease in other revenues of \$3.6 million primarily as a result of a decline in the average number of company-owned stores held during fiscal year 2011. Approximately \$8.0 million of the increase in total revenues was attributable to the extra week in fiscal year 2011, consisting primarily of additional royalty income and sales of ice cream products.

	Fiscal year 2011	Fiscal year 2010	Increase (Decrease)	
			\$	%
(In thousands, except percentages)				
Occupancy expenses – franchised restaurants	\$ 51,878	53,739	(1,861)	(3.5)%
Cost of ice cream products	72,329	59,175	13,154	22.2%
General and administrative expenses, net	240,625	223,620	17,005	7.6%
Depreciation and amortization	52,522	57,826	(5,304)	(9.2)%
Impairment charges	2,060	7,075	(5,015)	(70.9)%
Total operating costs and expenses	419,414	\$ 401,435	17,979	4.5%
Equity in net income (loss) of joint ventures	(3,475)	17,825	(21,300)	(119.5)%
Operating income	\$ 205,309	193,525	11,784	6.1%

Occupancy expenses for franchised restaurants for fiscal year 2011 decreased \$1.9 million resulting primarily from additional lease reserves recorded in the prior year and a decline in the number of leased properties. Cost of ice cream products increased 22.2% from the prior year, as compared to a 17.7% increase in sales of ice cream products, resulting from unfavorable commodity prices and foreign exchange, slightly offset by increases in selling prices.

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General and administrative expenses for fiscal year 2011 includes certain expenses related to our initial public offering completed in August 2011 and a secondary offering completed in December 2011. Upon completion of

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the initial public offering, the Sponsor management agreement was terminated resulting in a \$13.4 million increase in management fees, consisting of a \$14.7 million expense incurred upon termination offset by no longer incurring the \$3.0 million annual management fee expense post-termination. Additionally, \$2.6 million of share-based compensation expense was recorded upon completion of the initial public offering related to approximately 0.8 million restricted shares granted to employees that were not eligible to vest until completion of an initial public offering or change of control (performance condition). No future expense will be recorded related to this tranche of restricted shares. The Company also recorded incremental share-based compensation expense of approximately \$0.9 million upon completion of the secondary offering in December 2011, related to approximately 0.3 million stock options granted to employees that were not eligible to vest until the sale or disposition of shares held by our Sponsors (performance condition). Finally, the Company incurred approximately \$1.0 million of transaction costs related to the secondary offering in fiscal year 2011. The Company expects to record incremental share-based compensation expense within general and administrative expenses of approximately \$1.0 million upon completion of this offering, related to approximately 0.9 million stock options granted to employees that were not eligible to vest until the sale or disposition of the shares held by our Sponsors that are being sold in this offering (performance condition). See Management Compensation discussion and analysis Long-term equity incentive program.

Excluding the offering-related costs above, general and administrative expenses declined \$0.9 million, or 0.4%, in fiscal year 2011. This decrease was driven by a decline of \$9.0 million in professional fees and legal costs resulting from reduced information technology expenses and legal settlement reserves. Additionally, other general and administrative expenses declined \$5.2 million primarily as a result of reduced cost of sales for company-owned restaurants due to a reduction in the average number of company-owned stores, net of expenses incurred related to the roll-out of a new point-of-sale system for Baskin-Robbins franchisees. Offsetting these declines was an increase in personnel costs of \$13.2 million, of which approximately \$2.4 million was attributable to the extra week in fiscal year 2011, with the remaining increase related to investment in our Dunkin' Donuts U.S. contiguous growth strategy and higher projected incentive compensation payouts, offset by prior year costs associated with our executive chairman transition.

Depreciation and amortization declined \$5.3 million in fiscal year 2011 resulting primarily from a license right intangible asset becoming fully amortized in July 2010, as well as terminations of lease agreements in the normal course of business resulting in the write-off of favorable lease intangible assets, which thereby reduced future amortization. Additionally, depreciation declined due to assets becoming fully depreciated and the write-off of leasehold improvements upon terminations of lease agreements, slightly offset by depreciation on capital purchases.

The decrease in impairment charges in fiscal year 2011 of \$5.0 million resulted primarily from the timing of lease terminations in the ordinary course, which results in the write-off of favorable lease intangible assets and leasehold improvements.

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Equity in net income (loss) of joint ventures decreased \$21.3 million in fiscal year 2011 primarily as a result of a \$19.8 million impairment charge recorded on the investment in our South Korea joint venture, offset by a reduction in depreciation and amortization, net of tax, of \$1.0 million resulting from the allocation of the impairment charge to the underlying intangible and long-lived assets of the joint venture. The remaining decline in equity in net income (loss) of joint ventures resulted from higher expenses for our South Korea joint venture, slightly offset by stronger earnings from our Japan joint venture.

	Fiscal year 2011	Fiscal year 2010	Increase (Decrease)	
			\$	%
(In thousands, except percentages)				
Interest expense, net	\$ 104,449	112,532	(8,083)	(7.2)%
Loss on debt extinguishment and refinancing transactions	34,222	61,955	(27,733)	(44.8)%
Other gains, net	(175)	(408)	233	57.1%
Total other expense	138,496	\$ 174,079	(35,583)	(20.4)%

The decrease in net interest expense for fiscal year 2011 resulted primarily from reductions in the average cost of borrowing due to refinancing and re-pricing transactions, offset by an increase in the weighted average long-term debt outstanding and an extra week of interest expense in fiscal year 2011. As the senior notes were fully repaid upon completion of the initial public offering on August 1, 2011, interest expense is expected to decrease in the future and remain consistent with the net interest expense realized in the fourth quarter of 2011 on a 13-week basis.

The loss on debt extinguishment and refinancing transactions incurred in fiscal year 2011 resulted from the completion of the initial public offering and related repayment of senior notes, as well as term loan re-pricing and upsize transactions completed in the first half of 2011. Loss on debt extinguishment and refinancing transactions in 2011 totaled \$25.9 million related to the retirement of senior notes and \$8.3 million related to term loans. The loss on debt extinguishment incurred in fiscal year 2010 resulted from the refinancing of existing long-term debt in the fourth quarter of 2010, which yielded a \$58.3 million loss, as well as the voluntary retirement of long-term debt in the second quarter of 2010, which resulted in a \$3.7 million loss.

The decline in other gains from fiscal year 2010 to fiscal year 2011 resulted primarily from reduced net foreign exchange gains.

	Fiscal year 2011	Fiscal year 2010
(In thousands, except percentages)		
Income before income taxes	\$ 66,813	19,446
Provision for income taxes	32,371	(7,415)
Effective tax rate	48.5%	(38.1)%

The negative effective tax rate of 38.1% in fiscal year 2010 was primarily attributable to changes in state tax rates, which resulted in a deferred tax benefit of approximately \$5.7 million in fiscal 2010, as well as a benefit of \$3.1 million related to reserves for uncertain tax positions. The effective tax rate for fiscal year 2010 was also impacted by a reduced income before income taxes, driven by the loss on debt extinguishment, which magnified the impact of permanent and other tax differences. The increased effective tax rate for fiscal year 2011 primarily resulted from the impairment related to the Korea joint venture investment, which reduced income before income taxes but for which there is no corresponding tax benefit.

Table of Contents**Operating segments**

We operate four reportable operating segments: Dunkin' Donuts U.S., Dunkin' Donuts International, Baskin-Robbins U.S. and Baskin-Robbins International. We evaluate the performance of our segments and allocate resources to them based on earnings before interest, taxes, depreciation, amortization, impairment charges, foreign currency gains and losses, other gains and losses, and unallocated corporate charges, referred to as segment profit. Segment profit for the Dunkin' Donuts International and Baskin-Robbins International segments include equity in net income (loss) from joint ventures, except for the impairment charge, net of the related reduction in depreciation and amortization, net of tax, recorded in fiscal year 2011 on the investment in our South Korea joint venture. For a reconciliation to total revenues and income before income taxes, see the notes to our consolidated financial statements. Revenues for all segments include only transactions with unaffiliated customers and include no intersegment revenues. Revenues not included in segment revenues include retail sales from company-owned restaurants, as well as revenue earned through arrangements with third parties in which our brand names are used and revenue generated from online training programs for franchisees that are not allocated to a specific segment. For purposes of evaluating segment profit, Dunkin' Donuts U.S. includes the net operating income earned from company-owned restaurants.

Dunkin' Donuts U.S.

	Fiscal year 2011	Fiscal year 2010	Increase (Decrease)	
			\$	%
(In thousands, except percentages)				
Royalty income	\$ 317,203	290,187	27,016	9.3%
Franchise fees	29,905	21,721	8,184	37.7%
Rental income	86,590	85,311	1,279	1.5%
Other revenues	4,030	3,118	912	29.2%
Total revenues	\$ 437,728	400,337	37,391	9.3%
Segment profit	\$ 334,308	293,132	41,176	14.0%

The increase in Dunkin' Donuts U.S. revenues for fiscal year 2011 was primarily driven by an increase in royalty income of \$27.0 million as a result of an increase in systemwide sales, as well as increases in franchise fees of \$8.2 million as a result of increased franchise renewal income. Approximately \$6.4 million of the increase in total revenues was attributable to the extra week in fiscal year 2011.

The increase in Dunkin' Donuts U.S. segment profit for fiscal year 2011 was primarily driven by the increase in total revenues of \$37.4 million and a decrease in professional fees, legal costs, and other general and administrative expenses of \$6.2 million due to reduced legal settlement costs and reduced bad debt expenses. Also contributing to the increase in segment profit was a \$2.2 million decline in occupancy expenses driven by additional lease reserves recorded in the prior year and a decline in the number of leased locations. Offsetting these increases in segment profit was an increase in personnel costs of \$5.4 million, of which approximately \$0.9 million was attributable to the extra week in fiscal year 2011, with the remaining increase related to investment in our Dunkin' Donuts U.S. contiguous growth strategy and higher projected incentive compensation payouts.

Table of Contents*Dunkin' Donuts International*

	Fiscal year 2011	Fiscal year 2010	Increase (Decrease)	
			\$	%
(In thousands, except percentages)				
Royalty income	\$ 12,657	11,353	1,304	11.5%
Franchise fees	2,294	2,438	(144)	(5.9)%
Rental income	258	303	(45)	(14.9)%
Other revenues	44	34	10	29.4%
Total revenues	\$ 15,253	14,128	1,125	8.0%
Segment profit	\$ 11,528	14,573	(3,045)	(20.9)%

The increase in Dunkin' Donuts International revenue for fiscal year 2011 resulted primarily from an increase in royalty income of \$1.3 million driven by the increase in systemwide sales, slightly offset by a decrease of \$0.1 million in franchise fees driven by fewer store openings.

The decrease in Dunkin' Donuts International segment profit for fiscal year 2011 was primarily driven by a decline in income from the South Korea joint venture of \$3.1 million, as well as increases in personnel costs and travel of \$0.9 million. These declines in segment profit were offset by the increase in total revenues.

Baskin-Robbins U.S.

	Fiscal year 2011	Fiscal year 2010	Increase (Decrease)	
			\$	%
(In thousands, except percentages)				
Royalty income	\$ 25,177	25,039	138	0.6%
Franchise fees	1,271	1,709	(438)	(25.6)%
Rental income	4,544	4,842	(298)	(6.2)%
Sales of ice cream products	2,223	2,307	(84)	(3.6)%
Other revenues	8,548	9,023	(475)	(5.3)%
Total revenues	\$ 41,763	42,920	(1,157)	(2.7)%
Segment profit	\$ 20,904	27,607	(6,703)	(24.3)%

The decline in Baskin-Robbins U.S. revenue for fiscal year 2011 primarily resulted from a decline in other revenues of \$0.5 million due to a decrease in licensing income related to the sale of Baskin-Robbins ice cream products to franchisees. Additionally, franchise fees declined \$0.4 million driven by fewer store openings, and rental income declined \$0.3 million due to a reduction in the number of leased locations. Approximately \$0.3 million of the increase in total revenues was attributable to the extra week in fiscal year 2011.

Baskin-Robbins U.S. segment profit for fiscal year 2011 declined as a result of increased other general and administrative expenses of \$4.5 million primarily related to the roll-out of a new point-of-sale system for Baskin-Robbins franchisees, as well as additional contributions to the Baskin-Robbins advertising fund to support national brand-building advertising. In addition to the declines in revenues, segment profit also declined due to increased personnel costs and travel of \$1.2 million.

Table of Contents*Baskin-Robbins International*

	Fiscal year 2011	Fiscal year 2010	Increase (Decrease)	
			\$	%
(In thousands, except percentages)				
Royalty income	\$ 8,422	6,191	2,231	36.0%
Franchise fees	1,593	1,289	304	23.6%
Rental income	616	572	44	7.7%
Sales of ice cream products	97,845	82,682	15,163	18.3%
Other revenues	103	551	(448)	(81.3)%
Total revenues	108,579	\$ 91,285	17,294	18.9%
Segment profit	43,533	\$ 41,596	1,937	4.7%

The growth in Baskin-Robbins International revenues for fiscal year 2011 resulted from an increase in sales of ice cream products of \$15.2 million, which was primarily driven by strong sales in the Middle East and Australia, a December 2010 price increase that was implemented to offset higher commodity costs, and an additional week of sales in fiscal year 2011. Royalty income also increased \$2.2 million primarily as a result of higher sales and additional royalties earned in Australia directly from franchisees following the termination of a master license agreement in October 2010, as well as higher sales in Japan and South Korea. Approximately \$1.3 million of the increase in total revenues was attributable to the extra week in fiscal year 2011.

The increase in Baskin-Robbins International segment profit for fiscal year 2011 resulted primarily from the increase in royalty income noted above and a \$1.8 million increase in net margin on sales of ice cream products driven by higher sales volume. Offsetting these increases in segment profit was an increase in personnel costs and travel of \$1.9 million.

Fiscal year 2010 compared to fiscal year 2009*Consolidated results of operations*

	Fiscal year 2010	Fiscal year 2009	Increase (Decrease)	
			\$	%
(In thousands, except percentages)				
Franchise fees and royalty income	\$ 359,927	344,020	15,907	4.6%
Rental income	91,102	93,651	(2,549)	(2.7)%
Sales of ice cream products	84,989	75,256	9,733	12.9%
Other revenues	41,117	25,146	15,971	63.5%
Total revenues	\$ 577,135	538,073	39,062	7.3%

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The increase in total revenues from fiscal 2009 to fiscal 2010 was primarily driven by an increase in royalty income of \$15.1 million, or 4.7%, from the prior year as the result of Dunkin' Donuts U.S. systemwide sales growth. Other revenues also increased \$16.0 million primarily as a result of the acquisition of company-owned restaurants, which contributed an additional \$15.2 million of revenue in fiscal 2010. Sales of ice cream products also contributed to the increase in total revenues from fiscal year 2009 to fiscal year 2010, which were primarily driven by strong sales in the Middle East. These increases in revenue were offset by a decline in rental income of \$2.5 million primarily as a result of a decline in the number of leased properties.

	Fiscal year	Fiscal year	Increase (Decrease)	
	2010	2009	\$	%
(In thousands, except percentages)				
Occupancy expenses – franchised restaurants	\$ 53,739	51,964	1,775	3.4%
Cost of ice cream products	59,175	47,432	11,743	24.8%
General and administrative expenses, net	223,620	197,005	26,615	13.5%
Depreciation and amortization	57,826	62,911	(5,085)	(8.1)%
Impairment charges	7,075	8,517	(1,442)	(16.9)%
Total operating costs and expenses	\$ 401,435	367,829	33,606	9.1%
Equity in net income of joint ventures	17,825	14,301	3,524	24.6%
Operating income	\$ 193,525	184,545	8,980	4.9%

Occupancy expenses for franchised restaurants increased \$1.8 million from fiscal year 2009 to fiscal year 2010 resulting primarily from the impact of lease reserves, offset by a decline in the number of leased properties. Cost of ice cream products increased 24.8% from the prior year, as compared to a 12.9% increase in sales of ice cream products, primarily as the result of unfavorable commodity prices and foreign exchange.

The increase in other general and administrative expenses from fiscal year 2009 to fiscal year 2010 was driven by increased cost of sales for company-owned restaurants acquired during 2010 of \$15.0 million. Also contributing to the increase in general and administrative expenses was an increase in payroll and related benefit costs of \$6.8 million, or 6.0%, as a result of higher incentive compensation payouts and 401(k) matching contributions. Increased professional fees and legal costs driven by information technology enhancements and legal settlement reserves also contributed approximately \$10.6 million to the increase in general administrative expenses. These increased expenses were offset by a decrease in bad debt and other reserves of \$6.7 million.

Depreciation and amortization declined a total of \$5.1 million from fiscal year 2009 to fiscal year 2010. The decrease is due primarily to a license right intangible asset becoming fully amortized, as well as terminations of lease agreements in the normal course of business resulting in the write-off of favorable lease intangible assets, which thereby reduced future amortization. Additionally, depreciation declined from the prior year due to assets becoming fully depreciated, sales of corporate assets, and the write-off of leasehold improvements upon terminations of lease agreements.

The decrease in impairment charges from fiscal year 2009 to fiscal year 2010 resulted from an impairment charge recorded in 2009 related to corporate assets, offset by additional impairment charges recorded in 2010 on favorable operating leases due to terminations of lease agreements.

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Equity in net income of joint ventures increased from fiscal year 2009 to fiscal year 2010 as a result of increases in income from both our Japan and South Korea joint ventures. The increases in Japan and South Korea joint venture income from 2009 were primarily driven by sales growth, as well as favorable impact of foreign exchange.

	Fiscal year 2010	Fiscal year 2009	Increase (Decrease)	
			\$	%
(In thousands, except percentages)				
Interest expense, net	\$ (112,532)	(115,019)	2,487	(2.2)%
Gain (loss) on debt extinguishment	(61,955)	3,684	(65,639)	(1,781.7)%
Other gains, net	408	1,066	(658)	(61.7)%
Total other expense (loss)	\$ (174,079)	(110,269)	(63,810)	57.9%

Net interest expense declined from fiscal year 2009 to fiscal year 2010 due to the voluntary retirement of long-term debt with a face value of \$99.8 million in the second quarter of 2010, reducing interest paid, insurer premiums, and the amortization of deferred financing costs. These decreases were slightly offset by incremental interest expense on approximately \$528 million of additional long-term debt obtained in the fourth quarter of 2010.

The fluctuation in gains and losses on debt extinguishment resulted from the refinancing of existing long-term debt in the fourth quarter of 2010, which yielded a \$58.3 million loss, as well as the voluntary retirement of long-term debt in the second quarter of 2010, which resulted in a \$3.7 million loss. The gain on debt extinguishment of \$3.7 million recorded in 2009 resulted from the voluntary retirement of long-term debt in the third quarter of 2009.

The decline in other gains from fiscal year 2009 to fiscal year 2010 resulted from reduced net foreign exchange gains, primarily as a result of significant weakening of the U.S. dollar against the Canadian dollar in 2009.

	Fiscal year 2010	Fiscal year 2009
(In thousands, except percentages)		
Income before income taxes	\$ 19,446	74,276
Provision for income taxes	(7,415)	39,268
Effective tax rate	(38.1)%	52.9%

The negative effective tax rate of 38.1% in fiscal year 2010 was primarily attributable to changes in state tax rates, which resulted in a deferred tax benefit of approximately \$5.7 million in fiscal year 2010. The effective tax rate for both years was also impacted by changes in reserves for uncertain tax positions, which are not driven by changes in income before income taxes. Reserves for uncertain tax positions were \$9.1 million in fiscal year 2009, as compared to a benefit of \$3.1 million in fiscal year 2010. The effective tax rate for fiscal year 2010 was also impacted by a reduced income before income taxes, driven by the loss on debt extinguishment, which magnified the impact of permanent and other tax differences. Additionally, the higher effective tax rate in fiscal year 2009 resulted from a \$5.8 million additional valuation allowance recorded on capital loss carryforwards.

Table of Contents*Operating segments**Dunkin' Donuts U.S.*

	Fiscal year	Fiscal year	Increase (Decrease)	
	2010	2009	\$	%
(In thousands, except percentages)				
Royalty income	\$ 290,187	275,816	14,371	5.2%
Franchise fees	21,721	21,797	(76)	(0.3)%
Rental income	85,311	87,163	(1,852)	(2.1)%
Other revenues	3,118	2,486	632	25.4%
Total revenues	400,337	387,262	13,075	3.4%
Segment profit	293,132	275,961	17,171	6.2%

The increase in Dunkin' Donuts U.S. revenue from fiscal year 2009 to fiscal year 2010 was driven by an increase in royalty income of \$14.4 million as a result of an increase in systemwide sales.

The increase in Dunkin' Donuts U.S. segment profit from fiscal year 2009 to fiscal year 2010 was primarily driven by the \$14.4 million increase in royalty income. The increase in segment profit from fiscal year 2009 to fiscal year 2010 also resulted from a decline in general and administrative expenses of \$5.1 million primarily attributable to decreases in both bad debt provisions and franchisee-related restructuring activities, offset by an increase in legal settlements and payroll-related costs due primarily to increased incentive compensation. Additionally, higher total occupancy expenses of \$2.9 million from fiscal year 2009 to fiscal year 2010 resulted primarily from lease reserves recorded.

Dunkin' Donuts International

	Fiscal year	Fiscal year	Increase (Decrease)	
	2010	2009	\$	%
(In thousands, except percentages)				
Royalty income	\$ 11,353	10,146	1,207	11.9%
Franchise fees	2,438	1,516	922	60.8%
Rental income	303	446	(143)	(32.1)%
Other revenues	34	218	(184)	(84.4)%
Total revenues	14,128	12,326	1,802	14.6%
Segment profit	14,573	12,628	1,945	15.4%

The increase in Dunkin' Donuts International revenue from fiscal year 2009 to fiscal year 2010 resulted primarily from an increase in royalty income of \$1.2 million driven by the increase in systemwide sales. Also contributing to the increased revenue from the prior year was an increase of \$0.9 million in franchise fees driven by development in China and Russia.

The increase in Dunkin' Donuts International segment profit from fiscal year 2009 to fiscal year 2010 was primarily driven by the increases in revenues of \$1.8 million, as noted above.

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	Fiscal year	Fiscal year	Increase (Decrease)	
	2010	2009	\$	%
(In thousands, except percentages)				
Royalty income	\$ 25,039	26,743	(1,704)	(6.4)%
Franchise fees	1,709	1,763	(54)	(3.1)%
Rental income	4,842	5,409	(567)	(10.5)%
Sales of ice cream products	2,307	2,371	(64)	(2.7)%
Other revenues	9,023	10,007	(984)	(9.8)%
Total revenues	42,920	46,293	(3,373)	(7.3)%
Segment profit	27,607	33,459	(5,852)	(17.5)%

The decline in Baskin-Robbins U.S. revenue from fiscal year 2009 to fiscal year 2010 was driven by the decline in systemwide sales, which impacted both royalty income, which declined \$1.7 million, and licensing income earned through the sale of ice cream to franchisees by a third-party, which declined \$0.6 million. Rental income also decreased \$0.6 million in fiscal year 2010 driven by a decline in the number of subleases, as well as revised sublease terms which resulted in adjustments of straight-line rental income.

Baskin-Robbins U.S. segment profit declined from fiscal year 2009 to fiscal year 2010 primarily as a result of the declines in royalty, licensing, and rental income. Also contributing to the decline in segment profit from 2009 was additional gift certificate breakage income recorded in 2009 of \$2.6 million, as the Company determined during fiscal year 2009 that sufficient historical patterns existed to estimate breakage and therefore recognized a cumulative adjustment for all gift certificates outstanding.

Baskin-Robbins International

	Fiscal year	Fiscal year	Increase (Decrease)	
	2010	2009	\$	%
(In thousands, except percentages)				
Royalty income	\$ 6,191	4,987	1,204	24.1%
Franchise fees	1,289	1,252	37	3.0%
Rental income	572	584	(12)	(2.1)%
Sales of ice cream products	82,682	72,885	9,797	13.4%
Other revenues	551	1,056	(505)	(47.8)%
Total revenues	91,285	80,764	10,521	13.0%
Segment profit	41,596	41,212	384	0.9%

The growth in Baskin-Robbins International revenue from fiscal year 2009 to fiscal year 2010 resulted primarily from an increase in ice cream sales of \$9.8 million, which was driven by higher sales in the Middle East. Royalty income also increased \$1.2 million in fiscal year 2010 due to growth in systemwide sales, specifically in Japan, South Korea, and Russia.

Baskin-Robbins International segment profit remained relatively flat from fiscal year 2009 to fiscal year 2010. Joint venture income from the Baskin-Robbins businesses in South Korea and Japan increased \$3.3 million from 2009, driven by systemwide sales growth in both countries. Royalty income also increased \$1.2 million, as noted above. Offsetting these increases in segment profit was a decline in net margin on ice cream sales of \$1.9 million, primarily as the result of unfavorable commodity prices and foreign exchange. Also offsetting the increases in segment profit were increases in travel, professional fees, and other general and administrative costs totaling \$1.8 million.

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The following table sets forth certain of our unaudited consolidated statements for each of the eight fiscal quarters in the fiscal years 2010 and 2011.

	December 31, 2011	September 24, 2011	June 25, 2011	Three months ended			September 25, 2010	June 26, 2010	March 27, 2010
				March 26, 2011	December 25, 2010				
(In thousands, except per share data)									
Total revenues	168,505	163,508	156,972	139,213	149,776	149,531	150,416	\$ 127,412	
Operating income	44,567	54,112	61,794	44,836	44,380	54,574	57,886	36,685	
Net income (loss)	11,591	7,412	17,162	(1,723)	(15,256)	18,842	17,337	5,938	
Earnings (loss) per share									
Class L basic and diluted	n/a	4.46	0.83	0.85	1.18	1.25	1.23	1.21	
Common basic and diluted	0.10	(1.01)	(0.04)	(0.51)	(1.02)	(0.24)	(0.26)	(0.53)	

Liquidity and capital resources

As of December 31, 2011, we held \$246.7 million of cash and cash equivalents, which included \$123.1 million of cash held for advertising funds and reserved for gift card/certificate programs. In addition, as of December 31, 2011, we had a borrowing capacity of \$88.8 million under our \$100.0 million revolving credit facility. During fiscal year 2011, net cash provided by operating activities was \$162.7 million, as compared to \$229.0 million for fiscal year 2010. Net cash provided by operating activities for fiscal year 2010 included a cash inflow of \$101.7 million resulting from fluctuations in restricted cash balances related to our securitization indebtedness. Following the redemption and discharge of the securitization indebtedness in the fourth quarter of 2010, such amounts are no longer restricted, and therefore, there was no operating cash flow impact from restricted cash for fiscal year 2011. Net cash provided by operating activities for fiscal year 2011 includes an increase of \$40.9 million in cash held for advertising funds and reserved for gift card/certificate programs. Excluding cash held for advertising funds and reserved for gift card/certificate programs, we generated \$103.3 million of free cash flow in fiscal year 2011, calculated as follows:

	Fiscal year 2011
Net cash provided by operating activities	\$ 162,703
Less: Increase in cash held for advertising funds and reserved for gift card/certificate programs	(40,856)
Less: Additions to property and equipment	(18,596)
Free cash flow	\$ 103,251

Net cash provided by operating activities of \$162.7 million during fiscal year 2011 was primarily driven by net income of \$34.4 million, increased by depreciation and amortization of \$52.5 million and \$35.5 million of other net non-cash reconciling adjustments, \$32.9 million of changes in operating assets and liabilities and dividends received from joint ventures of \$7.4 million. During fiscal year 2011, we invested \$18.6 million in capital additions to property and equipment. Net cash used in financing activities was \$30.1 million during fiscal year 2011, driven primarily by the repayment of long-term debt, net of proceeds from additional borrowings under the term loans, totaling \$404.6 million and costs associated with the term loan re-pricing and upsize transactions of \$20.1 million, offset by proceeds from our initial public offering, net of offering costs paid, of \$390.0 million and proceeds from other issuances of common stock of \$3.2 million.

Net cash provided by operating activities of \$229.0 million during fiscal year 2010 was primarily driven by net income of \$26.9 million (increased by depreciation and amortization of \$57.8 million and \$26.7 million of other net non-cash reconciling adjustments), \$6.6 million of dividends received from international joint ventures, and \$111.0 million of changes in operating assets and liabilities, including the release of approximately

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\$101.7 million of restricted cash as a result of the November 2010 debt refinancing. During fiscal 2010, we invested \$15.4 million in capital additions to property and equipment. Net cash used in financing activities was \$132.6 million during fiscal year 2010, which includes dividends paid on common stock of approximately \$500.0 million, offset by proceeds from the issuance of long-term debt, net of repayment and voluntary retirement of debt and debt issuance costs, of \$353.4 million and a \$16.1 million decrease in debt-related restricted cash balances.

On November 23, 2010, we consummated a refinancing transaction whereby Dunkin' Brands, Inc. (i) issued and sold \$625.0 million aggregate principal amount of 9 5/8% senior notes due 2018 (the "senior notes") and (ii) borrowed \$1.25 billion in term loans and secured a \$100.0 million revolving credit facility from a consortium of banks (the "senior credit facility"). The senior credit facility was amended on February 18, 2011, primarily to obtain more favorable interest rate margins and to increase the term loan borrowings under the senior credit facility to \$1.40 billion. The full \$150.0 million increase in term loan borrowings under the senior credit facility was used to redeem an equal principal amount of the senior notes at a price of 100.5% of par on March 21, 2011. On May 24, 2011 we further increased the size of the term loan facility by an additional \$100.0 million to approximately \$1.50 billion, which was again used to redeem an equal principal amount of the senior notes.

On August 1, 2011, we completed an initial public offering in which we sold 22,250,000 shares of common stock at an initial public offering price of \$19.00 per share, resulting in net proceeds to us of approximately \$390.0 million after deducting underwriter discounts and commissions and offering-related expenses paid or payable by us. We used a portion of the net proceeds from the initial public offering to redeem the remaining \$375.0 million aggregate principal amount of the senior notes at 100.5% plus accrued and unpaid interest, with the remaining net proceeds being used for working capital and general corporate purposes.

The senior credit facility is guaranteed by certain of Dunkin' Brands, Inc.'s wholly-owned domestic subsidiaries and includes a term loan facility and a revolving credit facility. Following the May 2011 amendment, the aggregate borrowings available under the senior credit facility are approximately \$1.60 billion, consisting of a full-drawn approximately \$1.50 billion term loan facility and an undrawn \$100.0 million revolving credit facility under which there was \$88.8 million in available borrowings and \$11.2 million of letters of credit outstanding as of December 31, 2011. The senior credit facility requires principal amortization repayments to be made on term loan borrowings equal to approximately \$15.0 million per calendar year, payable in quarterly installments through September 2017. The final scheduled principal payment on the outstanding borrowings under the term loan is due in November 2017. Additionally, following the end of each fiscal year, if our leverage ratio, which is a measure of our cash income to outstanding debt, exceeds 4.00x, we are required to prepay an amount equal to 25% of excess cash flow (as defined in the senior credit facility) for such fiscal year. Under the terms of the senior credit facility, the first excess cash flow payment is due in the first quarter of fiscal year 2012 based on fiscal year 2011 excess cash flow and leverage ratio. In December 2011, we made an additional principal payment of \$11.8 million to be applied to the 2011 excess cash flow payment that is due in the first quarter of 2012. Based on fiscal year 2011 excess cash flow, considering all payments made, the excess cash flow payment required in the first quarter of 2012 is \$2.9 million, which may be deducted from future minimum required principal payments.

Borrowings under the term loan bear interest, payable at least quarterly. Borrowings under the revolving credit facility (excluding letters of credit) bear interest, payable at least quarterly. We also pay a 0.5% commitment fee per annum on the unused portion of the revolver. The fee for letter of credit amounts outstanding is 3.0%. The revolving credit facility expires